NEWARK, OHIO

Tros Tyriusque mihi nullo discrimine agetur

The North American Review

VOLUME 238 JULY, 1934 NUMBER 1

Apéritif

Regimenting Leisure

LAST year, at the instigation of the NRA, Mr. Raymond B. Fosdick and others calculated that shorter working hours would give New York's approximately five million workers some two hundred million leisure hours a week. In good modern fashion Mr. Fosdick's committee straightway set about thinking of means to fill this appalling vacuum, efficiently, decorously and with an eye on human progress. Its report reached this office a few days ago and as an indication of the new spirit abroad in our land is worth attention.

Two considerations apparently were at the back of the committee's thinking: a simple desire to make everybody wholesomely happy, and the feeling that large numbers of people when unhappy, wholesomely or otherwise, make trouble, if not revolutions. Young men take to criminal pursuits if there is no baseball to be played, and crime waves are more expensive than baseball fields.

The committee felt that there were four major factors involved in "effective community planning for the enjoyable use of free time": "facilities to meet the varied interests of a heterogeneous population"; "knowledge of the existence of these facilities"; "training for the wise use of leisure"; and "effort to discover the potential interests and skills of the public." In each of these categories it made specific suggestions, such as, respectively, using school gymnasiums for those above school age who wish to play basketball, setting up central information places for those in search of avocations, expanding public art and music schools, and continuing the so-called "frills" in our education system which tend to bring out special aptitudes for leisure activity among children.

There were, of course, a great many other suggestions. But it is apparent from these that the business of providing leisure activities for all the people will not tend to reduce tax burdens. Already taxpayers have raised a hue and cry over the expense of "frills" in our school system and demanded a return to the three R's. But the committee pointed out that the national effort today is in the direction of distributing real income more fairly among the whole populace, that the likeliest method of accomplishing this is through higher income taxes on large incomes

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and consequently possible expansion of governmental services to all, and, finally, that it is much cheaper to provide such facilities by collective than by individual effort.

Now, no one would object to spreading happiness among the people, if it does not break the nation. But it is possible that a few malcontents will criticize the tendency to place so much of the ordinary man's free time under governmental supervision. Throughout the committee's report were hints of an ulterior purpose to educate working men and women in their leisure time, to force higher tastes upon them. "Early development of high standards would influence commercial entertainment," said the report—which might be alarming to radio, movie and magazine executives. Elsewhere it is stated that the ways in which most of us entertain ourselves in our spare time—with the radio, movies and idle visiting—are not necessarily the ways which we should choose if we could have a choice. Often we should prefer an intelligent theatre performance, playing a musical instrument, boating or camping. So we say, at any rate. But there is still a question whether the great majority of us really want our tastes improved, our idleness disrupted with purposeful activity, our ignorance dispelled. If we are not satisfied with tabloid journalism there are plenty of more intelligent newspapers on the stands, at the same price.

Aside from the question of its practicability, an attempt to force-feed the masses with culture seems more like an indication of the break-down of our touted individualism than anything that has happened in the economic sphere. The tradition of Abe Lincoln struggling against terrific odds for an education is hardly compatible with an expensive community effort to wean the public from lower to higher forms of entertainment. Maybe the authorities can persuade us to forego jazz bands, but if they succeed in changing us to regimented Bach-lovers there will be a great deal of justifiable bitterness among the self-made intelligentsia, for these will have to learn new and even higher tastes.

II

The truth is probably that the man in the street could do with more ample recreational opportunities, particularly for physical exercise, but that the man of wealth—who, the committee said, can afford to buy his own entertainment—is the one who really needs supervision. How does he spend his free hours now? Writing indignant letters to the press, making indignant speeches at banquets, journeying indignantly to Washington, worrying indignantly over the state of his business. If he plays golf, it is with more than the usual venom that the game brings forth in dubs. If he goes to the theatre, he carries with him a host of vexations to spoil his enjoyment. Nowhere does he find that relaxation which is necessary to counteract the effects of modern business on the nerves. Plainly, with Dr. Pitkin and others writing best-sellers on how to relax, the need is felt.

Perhaps it would help to write another code. Business men should be allowed no more than one speech a month, one letter to the editor, one trip to Washington, and so on. They should, on the other hand, be required to attend the evening schools where history and American principles and what the Constitution was really intended to accomplish are taught. None of these matters is very accurately interpreted by the

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average business man of wealth and a better understanding should have the effect of calming him.

Further, he should be kept from spending more time on his business than the codes allow his underlings. Presumably we are entering an age when the philosophy of work for work's sake is to be discarded or radically altered. It will not do to have our business leaders setting a bad example of long hours and overconcentration for younger men. If they found it impossible to manage their affairs in the restricted time, other men would doubtless be willing to take on the status of business leaders to help.

Finally, in a section devoted to "Needs Requiring Further Study" the committee said: "We need to know more, in addition to the little we know already, about the intellectual capacities of adults and how they can be measured." This should be proof to the committee of our contention that the authorities ought to reserve most of their supervision for the man of wealth. Under such a dispensation they might even be able to detect the capacity of an Insull for "honest errors of judgment" before a very great deal of harm is done.

W. A. D.

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Let's Have a Really New Deal

By Fremont Rider

Who, having no confidence in present Administration methods, though he believes in its aims, suggests some drastic modifications

Commenting on what he called the "Roosevelt Experiment" one of our keenest publicists recently wrote: "No unbiased spectator of the adventure can withhold his admiration for the courage such an effort has implied. Success or failure, it bears upon its face the hallmarks of great leadership." With this appraisal I agree, for the social desirabilities of many of the objectives of the Roosevelt programme seem to me unquestionable, and I admire intensely the verve, forcefulness and good nature with which the President has driven ahead to translate his programme into actuality.

But, although the ultimate aims of this vast new "noble experiment," if we define those aims to be the curbing of human waste and selfish rapacity, and the rebuilding of our present social order on surer and finer foundations—although these aims meet with general accord, millions of Americans of unquestioned sincerity are beginning to doubt the wisdom of the methods which are being used to attain them. It is not because they do not wish to see the "experiment" successful, but that they have come increasingly to fear that the methods in question are likely to fail to have that result. Furthermore, they have come to have the uneasy feeling not only that most of its proponents have had no previous practical experience whatsoever with the subject matter of their experiment, but that some of them at least are prophesying one result while working strenuously to attain quite another.

If this be true, if there is danger that history will record that the finest constructive effort of modern times was killed, not by its enemies but by its avowed friends, it would seem worth while to examine with some care some of its possibly mistaken methods.

II

By way of prologue to all other criticism of the New Deal it is unfortunately necessary to point out how unwisely intolerant the New Dealers have been of this very thing, criticism, even of criticism sincerely intended to be helpful. Altogether too many of them have tacitly assumed that *any* criticism of their "experiment" was, either openly or hypocritically, destructive. Ascribing good faith to no one but themselves, they deem any one who ventures to suggest amendment not merely mis-

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taken, but disingenuous. At first it was "unpatriotic" to venture comment of any sort. Congress itself was for months little more than a legislative blank-cheque mill. And when there finally came an Administration about-face, when we were told that criticism was "invited"—veritable "field-days" of it—it was nevertheless made abundantly clear that even then nothing in the nature of genuine criticism, criticism, that is, of fundamentals, was to be permitted, but only suggestions for the amendment of minor details. The basic pillars of the New Deal: the NRA law, the crop surplus destruction policy, the repudiation by the Government of its financial obligations—all these things were to continue to be held sacrosanct and inviolable.

To their first assumption, that any real criticism of the New Deal was unthinkable, its proponents conjoined another, a self-defensive one, that government was wiser and more competent to deal with all matters relating to business and finance than were the business men and financiers of the nation. By indirection and carefully staged publicity the impression was created, or sought to be created, that most business men had risen to power through legal trickery and financial piracy. And this second assumption of course involved the corollary—which we heard repeated *ad nauseam*—that the New Deal was initiated last summer to meet a grave emergency, a crisis in which our time-worn system of individual initiative had so completely "broken down" that all business was rapidly nearing a state of complete collapse.

Now the validity of every one of these assumptions should be challenged, beginning with the last. What are the facts? First, that, when the NRA was promulgated last June the country, thanks to a change in national psychology for which the energetic initiative of the new Administration was mainly responsible, was definitely out of the doldrums of the depression and had gone a strong three months forward on the road toward recovery. Second, that the initiation of the NRA definitely and immediately interrupted this recovery impetus, and kept business at a standstill for almost six months. Third, that recovery began again only when the strangle-hold which had been placed on industry by the labor clauses of the NRA was relaxed a trifle by the decision which ended the automobile strike deadlock. And for "Fourth" I will go further: if tomorrow the President—as he has full legal power to do, as he has indeed promised to do—should announce that the "emergency" for which it was promulgated is over, and should drop the whole present NRA scheme into the political waste basket—if tomorrow he did this, I venture that, with the terrible incubus of it removed, the nation's business would almost overnight spring forward into the beginning of one of the greatest boom periods this country has ever known.

For get this clearly, very clearly and very emphatically, in mind: the depression with which we have been struggling for the past four years represents, not the break-down of a free-working system of individual initiative, but the break-down of a system of individual initiative in which individual initiative had been increasingly forbidden to function. It was the break-down of what had already become only a quasi-competitive system, of a competitive system which was being ever more and more baited, badgered, hampered, crippled, cribbed, cabined and confined by

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a myriad of interferences—of governmental interferences—in the form of wars, licenses, income taxes, public utility commissions, protective tariffs, legislative committees, workmen's compensation laws, excise taxes, doles, legislative investigations, reparations, questionnaires, inspection bureaus, labor laws, cartels, reports, managed currencies, stabilization plans, and literally endless other attempts to "regulate" artificially, by government mandate, the normal free-working interrelations of business and finance and the normal free-working interactions of supply and demand.

Under such a pulling and hauling of conflicting interests no economic system of any sort could long survive. What we term the competitive system certainly proved its amazing toughness and pliability when it stood this sort of manhandling as long as it did without cracking. And it is no answer at all for the advocates of government "regulation" to retort that many of the most disastrous of the above-mentioned interferences were efforts made by government to help certain favored, or economically necessitous, groups—in fact were often exerted at the direct solicitation of such groups. For that is what government interference in business—when it is interference based on economic instead of moral grounds—always is, a tug-of-war between various more or less powerful and more or less selfish political-economic interests, a tug-of-war growing increasingly more complicated and more frenetic as society itself becomes more complicated and as the bureaucratic spirit, growing with what it feeds on, tries frantically to bring order out of the chaos which it has itself created in its efforts to please this or that special interest or to cure this or that business ill. For government interference with economic law will not and can not work any sound or lasting cure for any business ill. In the newspapers just today was a most significant announcement: that, because the NRA had failed to realize the hopes of its promoters, it was understood that they were about to propose that its powers be greatly increased and extended. This is what always happens once we start the downward path.

It will help to keep one's feet on the ground if this is ever held firmly in mind: that, *left to itself*, business can solve *any* of its problems, can recuperate itself from *any* depression, can adjust itself to *any* foreknown situation—and can do all these things with the minimum of loss, delay and friction. That is, in fact, the amazing and unique characteristic of all business, its efficient and prompt *adaptability to meet trouble*. But only if it is left unhampered. Once let government interfere in any way—except, as we always except, to see that it, and its competitors, do not do things that run counter to moral law—and waste and delay accumulate.

III

This, of course, by no means suggests that our business system is perfect. It is organized and run by human beings: they have their frailties and it has its abuses. It is beyond argument that some businesses have done things, and are doing things, that transgress both criminal and moral law. And most business men would welcome, and would support enthusiastically, any sincere and well-intentioned effort on the part of government to eliminate from all business such immoral practices and such criminal businesses. For, because all real business abuses will be found, on analysis, to represent infractions of morals

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if not violations of present law, it is a proper function of government, it is *the* function of government, to prevent, detect and punish them. It is not for lack of laws that government has failed in this. We have laws, a plethora of them, forbidding bribery, barratry, conspiracy and adulteration, not to speak of plain forgery, theft and larceny. And, if these and our other criminal laws were actually enforced, most of the problems which hamper and hamstring legitimate business today would be automatically solved.

The average American citizen knows perfectly well that the recent hue and cry about the dishonesty of business men is something that has been very much exaggerated for purely political affect. He knows that, however dishonest some business men may be, such men can not be in the majority. For modern business exists on *credit*, and could not continue to exist for a single day were it not for the fact that the average business man's trust in the honesty of his fellow business man is, in ninety-nine cases out of a hundred, justified. Professor Slichter of Harvard, in his monumental *Modern Economic Society*, makes this significant commentary on this particular assumption of the New Dealers. "It is plain," he says, that if, generally speaking, corporate officials were not honest, "corporate enterprises would be seriously handicapped in competing with the individual proprietorship and the partnership. . . . In other words we are able to obtain the advantages of large-scale production only because the officers of corporations . . . allow their actions to be largely determined by traditional standards of commercial integrity rather than by the deliberate pursuit of self-interest. The truth of the matter is that the successful operation of large corporations requires a high level of commercial honesty." And he adds this suggestive *Anhang:* "Among many peoples of the earth, it is probable that large-scale production could not be completely developed because their standards of business integrity would make it difficult to operate large corporations."

Just as business is something quite out of the normal province of government, so the prevention of crime is something quite out of the normal province of business. It is hardly too much to say that this Republic was founded upon the principle that the primary, if not the sole, function of government was the protection of person and property from assault and spoliation. And, when government has fallen down in its primary function as lamentably as it has in these United States it can hardly be wondered at that thinking men and women look askance at any proposal to give it increased powers and new responsibilities, especially when the new powers and responsibilities which it seeks involve matters concerning which it has had no experience.

And this reluctance is intensified in the mind of the average citizen when he sees government, not only entirely oblivious to the necessity or desirability of setting its own house in order, but actually trying to alibi itself out of its incompetencies in doing its own job by trying to throw the blame for them upon business. Is it, after all, the fault of honest business men, or of business itself as an institution, that some bankers thieve, some retailers cheat, some politicians graft, some manufacturers bribe, some labor unionists work in collusion with racketeers, and that almost all courts so interminably befuddle their functions as to make common justice a luxury for the rich?

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And does government, leaving quite aside its failure adequately to protect society against outright crime, maintain in its own dealings even so high standards of common morality as are taken for granted in the world of business? What, for example, would the ordinary business man think of a banker who, when he was perfectly able to pay his deliberately plighted obligations, sought and obtained special legislation permitting him to cut them in half? What can we say of that special brand of hypocrisy which accuses the wealthy man who invests—quite legally and properly—in tax-exempt bonds of "tax avoidance" (with the insinuation, of course, that tax avoidance is something reprehensible or even criminal), and yet persists, against the protests of almost all business men and economists, in continuing to authorize tax-exempt bonds so that the wealthy man may be afforded his opportunity for tax avoidance? Whose here is the primary moral responsibility, if there is any moral responsibility? If tax-exempt bonds are socially unwise is it in this case the pot or the kettle which is blacker?

IV

Certain of the New Dealers accuse their critics of lack of good faith. Reluctantly one is obliged to utter the *tu quoque:* the average business man tends to distrust their new experiment because he feels that some of its proponents are either disingenuous, or else that they are amazingly blind to the inevitable *sequelæ* of their adventure. He is assured, for example, that they are really offering the individualist his last chance to survive in a world that has outmoded him; that either he must subscribe to the "ordered society" of the New Deal or find himself cast into the outer darkness of socialism; that the propagandists of this new venture are really—if he would only recognize them—his best friends.

But, unfortunately, he has found it in practice difficult, if not impossible to distinguish any real difference between the "regimentation" of the New Deal, and that openly avowed state socialism against which they assure him that they are on guard. When the average man gets through reading a few of the codes he fails to see how there is left to him anything but an invisible modicum of either individual initiative or personal liberty. If you think that this statement is an exaggeration, read for yourself some of their details. True, they are tedious reading. Already they run up into thousands of pages of small print. But, if we are to have clearly in mind the real facts regarding the New Deal, we must go to its codes, for in them alone is first-hand information.

Very briefly then, to clinch this point quickly, let us run over a few of them, quite at random. Pick up, for example, the "Code for Fair Competition for the Macaroni Industry," and, turning its pages, you may read: "Macaroni products in the form of noodles shall comprise not less than 5.5% of egg or egg yolk solids by weight on a dry basis." Now possibly it may strike you that this quotation has some sort of a humorous connotation. I assure you it has not. Read it again. It says, you will notice, not that manufacturers who may wish to make, or customers who may wish to purchase, noodles less rich in egg content shall be obliged respectively to tell, and to be told, the exact facts regarding the ingredients in their product. *That* sort of legislation—the prevention of misbranding or adulteration—would be like the prevention of any other sort of

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fraud, a perfectly legitimate and proper function of government.

No, the purpose of this section of this code is something quite different. It is not seeking to prevent misbranding or adulteration. Its purpose is simply to dictate a standard recipe for a certain food product, regardless of the personal preferences of either the makers or the consumers of it. I submit that these two objectives are as fundamentally different as day and night, that no free government of a free people has any right whatever, or any business, to tell one of its citizens that if he prefers noodles with five per cent of egg in them instead of five and a half he shall be by law forbidden to have them made.

Or read Rule 15, of Code 271, that for "Fair Competition in the Nonferrous and Steel Convector Manufacturing Industry." In that rule we, the general public, are granted what appears to be a very unusual concession. "The right," it says, "of any manufacturer of concealed radiators to build special sizes or types on special order is recognized." Read that rule over again also, and ponder its full significance. Consider not merely its content, *but that the code authorities thought it necessary to insert it*. For in this brief rule, hidden away among thousands of other similar rules, as in the noodle section quoted above, lies, it seems to me, the fundamental issue of this present New Deal that is being foisted on us, the fundamental issue being whether the American Republic, as it was founded by our fathers, and as we have known it for seven generations, is going to continue to endure, or whether it is going to be transformed, surreptitiously, without our assent, into what is to all intents and purposes a socialist commonwealth, that "ordered regimentation under the supreme control of the State" which Stalin recently announced to be the communist ideal.

If you, a free-born American citizen, are to be forbidden by law to eat noodles with five per cent egg in them; if you, having the means to pay therefor, are only by express permission of the state to be allowed to have made for your house a special size of radiator not laid down in some code for the Soviet of "Nonferrous and Steel Convector Manufacturers"; *then* you may claim, and I think you may claim with right, that, however much its forms and semblances may have been retained, the American Republic has ceased to exist!

If you still think this danger is exaggerated I can only suggest that you read some more of the codes. Shuffle through the pile of them again. The "Code for Fair Competition for the Carbon Black Manufacturing Industry" (Art. 4, Sec. 2) informs us that: "The present capacity of the carbon black factories of the United States being as a whole in excess of present or any prospective needs"— Stop there. Who is this prophet who so clearly reveals to us the future? Who is he so wise that he can say what the world's "prospective" needs for carbon black may be next month or next year? Who, in government or out of it, has the vision to foresee possible new domestic uses, or to gauge the demands of new foreign markets now unthought of? And is so sure of his prevision that he feels able to dictate: "any material increase in the plant capacity of any manufacturer" shall be made "only after the approval of such increase by the code authority."

So. That means that hereafter no manufacturer of carbon black can enlarge his business without the consent

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of the state—and of his competitors! And that means of course, since both these things would require plant change or enlargement, that no manufacturer hereafter is going to be able to reduce the cost of his product through mass production of it, or to introduce new methods of manufacture, to reduce cost —*without the consent of his competitors!* Against their obvious and united opposition, and the natural barriers of government red tape, just what would be the chances of any further development or progress in the carbon black industry?

According to the daily press—I have not had the official text—the new "Code for Boat Yards" provides that no owner of a boat shall hereafter be permitted to make repairs *on his own boat.* This is indeed a far-reaching and instructive precedent! Shortly, to create a similar monopoly of work for the building trade unions and the building contractors, for the machinist's unions and the repair garages, we may expect to see new codes providing that no householder shall thereafter be allowed to make repairs upon his own house, that automobile owners shall be forbidden to give first aid to their own cars, that farmers shall be forbidden to be handy men in maintaining their own farm equipment, etc., etc. This is surely inevitably logical. And how clearly it points the way to a revival of national prosperity, and to the survival of personal liberty!

But even yet we have barely touched the full implications of the codes, for in this astonishing new "ordered society," now being forced upon us by government, almost everything is to be dictated by some sort of a centralized authority. Methods of shipment and delivery, for example, are specified in the codes down to the last possible detail. The "Code for Envelope Manufacturers," for example, permits them to ship orders for a million envelopes in two lots, but provides that orders for less than one million must be shipped all at one time. As to discounts: manufacturers in the "Men's Garter, Suspender and Belt Manufacturing Industry" are permitted, we are informed, to give customers cash discounts of only two per cent, except that (chivalrous gesture!) "Garter belts sold to corset departments may be sold at cash discounts not greater than eight per cent, ten days E. O. M."

Can "regimentation" go further than that?

V

It is perfectly evident, for one thing, from the above quotations that the reiterated title of all these codes is itself a misnomer, just as it is perfectly evident that when they were made the interests of the consumer were left almost entirely out of consideration. These are not "Codes for Fair Competition," they are "Codes for the Elimination of all Competition." For there is, properly speaking, as I have already pointed out, only one sort of "unfair" competition, and that is competition which involves acts which are repugnant to the moral sense. To give short weight, to adulterate, to pay sweat shop wages, to secure illicit rebates, to cheat, to bribe purchasing agents—these are the sort of acts that constitute "unfair competition," because they are all morally wrong.

But to endeavor to give better service to a customer by hurrying to him an advance delivery of a part of his order, to manufacture for a customer a special type of equipment to meet his exact

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requirements, to encourage the turnover of working capital by offering a discount for the prompt payment of a bill, to increase production, or to introduce new methods, which will result in lowering the price of a product to its consumers—none of these acts constitute "unfair competition," or are the proper subject matter of government "regulation," because there is nothing about them that offends the moral sense. They are the very essence of genuine competition, the fairest kind of *fair* competition, the kind of competition which, if the consumer is to have any protection, or if we are to progress, socially and economically, we ought to do everything in our power to encourage, not to hamper or forbid.

"Planned economy" *versus* individual initiative. We do not have to wait to see what the former inevitably leads to. For a decade we have had a splendid example of it, in all its fine flower, very much on our hands. We have called it the "railroad problem."

If you want to make any old-time railroad man see red, all you have to do is to express your surprise and regret at the way the railroads "broke down" during the War, for every railroad man knows perfectly well that the splendidly efficient operating organisms of which he was so proud never "broke down." He knows that what happened to them was that they were broken down for him by a chaotic maze of ill-advised, mutually contradictory, semi-hysterical orders from a score of well-intentioned but uncoördinated and utterly inexperienced governmental bodies. He knows perfectly well that the railroads, left to themselves, would have carried their war load without the slightest difficulty, but that, hampered and bedeviled with governmental interferences of a hundred sorts, they were rapidly brought to a state of complete entanglement.

There was exactly the same sort of misrepresentation as this behind the recent easy assertion of one of the glib paragraphers for one of our more radical weekly reviews that the "trouble" with our railroads today was that they "were dead from the neck up." The only "trouble" with our railroads today—God help them!—is that their managements no longer have any power to manage. When any business is told by government where it shall buy its materials, and what, and how much it shall pay for them; when it is told how much it shall pay its employes, how long they shall work, what each one shall do, and how many it shall hire; when it is told what rates it shall charge for each sort of traffic, what discounts it shall give, and how its traffic shall be handled, diverted and divided; when it is told exactly how its bookkeeping shall be conducted, where and whether it shall borrow money, and at what rates and from whom, where and whether it shall issue securities, through whom and under what conditions; when it is told what form and styles of equipment it shall have and what it shall do with them; when it is told these things, and a thousand others, I ask you: what has management left to do?

As a matter of fact about the only function that any railroad executive has today is to make reports to, and to pass on orders from, Washington and from each of the fourteen or more State capitals with which his railroad is involved. Of course, one inevitable result of this state of affairs has been that, for the past twenty years, railroading as a business has ceased to attract the keener types of executive ability. And so, until the para-

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lyzing hand of government is removed, we shall continue to have a "railroad problem." The alternative? I can only say this: if any one of our leading railroads were placed tomorrow in the hands of a real railroad executive, and he were left unhampered by governmental interference of any sort (except, as we have said, the prevention of the infraction of moral law) there is not the slightest doubt that, within a year or two, there would cease to be any "problem" so far as that road was concerned, that the railroad's employes would be receiving higher wages, that its owners would be getting better returns on their investments, that its patrons would be getting better service at lower rates—all these things simultaneously—simply by giving railroad management a chance to manage. For that is almost always what happens, in the long run, when government honestly and efficiently does its own proper job, but otherwise leaves business alone.

That, in short, is why the whole plexus of cross-purpose, mutual distrust and plain hypocrisy that the NRA now is, particularly in its labor aspects, is so utterly deplorable. On both sides of its bitter controversies—for, make no mistake, no matter what you may read in the daily press or may hear over the radio, down underneath bitter controversies are now going on—on both sides of them are men of the highest ideals, of the most profound good intent, of the most intense sincerity. That is the tragedy of the situation. As I have said, I yield to no man in my faith in Mr. Roosevelt's idealism, or in my admiration for his courage and vision. Certain aspects of General Johnson's job absolutely require those qualities of character, training and temperament that he has displayed. Professors Fisher and Warren have given expression to a fundamental injustice of our present currency system that can, and should, be righted—even though one may completely disagree with them as to the method which has been followed to accomplish that result. Although some of the methods which he has been directed to work out seem also to me fundamentally wrong, I have gained the impression that Secretary Wallace has administered what is at present an extremely difficult post with unusual ability.

But, on the other hand, I am not prepared to admit that Senator Carter Glass, because he opposed repudiation, is "in the pay of the interests," or that there is no one in "the Street" who knows the meaning of integrity and who might not suggest possibly wise amendment to such acts as the Securities Law. Mr. Newton D. Baker, Mr. John W. Davis, Mr. Alfred Smith—to name only members of the majority party—would seem to be men whose advice might well be heeded. I believe that Mr. Henry Ford is more sincerely interested in the improvement of the daily life of the "forgotten man," and has himself done a hundred times more to better his condition, than has been done by all the critics who ever sneered at him. In short, to attempt to work out a New Deal, without the help and cooperation of men of the type of the men just named, not only misses their constructive stimulus but also tends to alienate a great body of vitally necessary public support.

VI

But, insist the New Dealers, in any "new deal" we must blot out the curse of child labor; we must abolish the sweat shop; we must afford opportunity

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for work to every able-bodied man and woman. If we do not do these things we have no new deal.

I agree—

And, to do these things, they say, we must have laws, rules, a code.

I agree. But *one* code, one something more or less like the temporary but generally admirable "Blanket Code" with which the President initiated the NRA, one code not hundreds, one extremely simple fundamental charter, not a governmental regulation of every detail of economic life. The difference between these two things may at first seem a mere form of words, a matter of detail: it is not; it is basic. One aim attempts to preserve competition and individual initiative, but simply *tries to place both on a higher plane,* on such a humane plane as will protect the employer with decent instincts against the ruthless competition of a rapacious competitor. The other aim, exemplified in the New Deal with which we are at present experimenting, aims to kill individual initiative by a standardized regulation of everything under governmental direction—which means, finally and inevitably, to kill personal liberty itself.

Surely the difference is clear. It is one thing to say: "No man or woman in the United States"—no hedging, no exceptions, no favoritism—"*no man or woman in the United States* shall work for any one for wages of less than thirty cents"—or what you will—"an hour." This sort of a statement is a labor charter, a fundamental law of competition, a basic code founded on moral right. But it is quite another sort of thing to say: "Toppers, bleachers and stillmen shall be paid not less than fifty-eight cents an hour, except in the States of Alabama and Wisconsin, where they shall be paid not less than fifty-six cents an hour, and except in the States of Florida and North Carolina where they shall be paid not less than fifty-four cents, and except that in factories where stillmen do any of the work of bleachers"—etc., etc.

So, again, is it not one thing to say: "No man or woman in the United States shall work for wages for more than forty hours"—or what you will—"a week"? To such a fundamental law—universal, basic, unequivocal—business could and would adjust itself. But is it not quite another thing to say: "Oh yes, we'll have a maximum hour law but, unfortunately, we're obliged to start off by refusing to admit to its protection about two-thirds of our working population, such as farm laborers, domestic servants, teachers, nurses,"—many of them exactly the classes which most need the protection of such a law? Furthermore, we will provide that some workers in some industries shall be permitted to work seventy-two hours a week; that other workers in other industries shall be permitted to work only thirty hours; that in some industries in some States they may work forty hours, in the same industries in other States only thirty-six hours; that overtime shall be permitted here but not there; paid for at one rate here, when permitted, and at another rate there; that exceptions shall be permitted, in reply to this solicitation but not to that; that, in short, every possible conceivable sort, kind or combination of labor hours shall be specifically and exactly regulated, changed and re-regulated by government down to the last possible detail, at the special behest of this, that or the other particular business interest, particular labor group, particular geographical region, or particular industrial

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situation, each one clamoring for more, jockeying for position, crowding here, wire-pulling there—the "protective" tariff struggle all over again in a new form, but one of infinitely greater complexity and of enormously greater possibilities to work mischief. Our present seething mass of undigested, mutually inconsistent and unenforceable NRA "codes" is not a sign of governmental "dictatorship"—except in its original dictatorship, the insistence that there be codes: the details of the codes are rather an obvious manifestation of governmental weakness, of inability to protect the general mass of our population against self-interest.

Isn't there all the difference in the world between these two kinds of legislation? One act might well be what it has here been called, a basic Charter of Rights. The other act, or series of acts, is regimentation, the uttermost extreme of interference by government in the common details of everyday life, for which, unless we do indeed mean to have a socialistic economy, there is no justification whatever. And an act which in practice has already proved itself unworkable, as every socialistic economy has in practice proved itself unworkable. Nor is it any answer to say that any such universally comprehensive minimum wage and maximum hour laws as have been here suggested would be "impracticable." "Impracticability" is too easy an evasion of moral responsibility. Remember that all we would attempt to do would be to set limits, limits of labor decency as it were, not to try to fix a million details in the competitive field which lies above those low limits. The fixing of these should, as now, be left to the interaction of normal economic forces. If any end is a just one, then it is our responsibility to devise a means to make it practicable, for "impracticability" is in this, as in most cases, really only another word for "political expediency."

What we ask then is not something which is politically expedient, but instead something which is morally just, a certain decent modicum for every worker, without exception, and beginning always with the man lowest down in the economic scale, a delimitation defined in such simple, unequivocal phrases that every one could understand it at one reading. Such a law would be enforceable: the present codes are not, and will never be—except at the cost of a veritable army of spies and informers.

VII

Finally—but very, very briefly—let me add a few other matters that it would seem that *our* "new deal" should include, matters which are not in the NRA or any of its sister acts at all.

First: *our* new deal would immediately expand existing opportunities for employment for those of the normal working ages by entirely abolishing all old-age labor for hire, and would abolish it by instituting at once for the old (and also for the blind and permanently crippled) a completely comprehensive and completely adequate system of old-age pensions, not a sop but adequate living pensions. A "dole"? Yes. But a dole for the socially deserving, not for the able-bodied. These three things—abolition of child labor, abolition of old-age labor, *progressive* shortening of the hours of labor of all working men and women—seem to me the socially desirable ways to take up our "technological slack," both present and prospective. (Just as also, by the way, these three seem also to me the economically sound

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ways to solve our farm "overproduction" problem, most of which is, of course, not an overproduction problem at all, but a world-wide underconsumption problem, a problem due almost entirely to maldistribution of purchasing power on the domestic side and to governmental, "nationalistic" interference with normal trade interchanges on the international side. But the farm problem is a topic in itself.)

Second: it would assure that financial support were given to organized society in more direct ratio to the benefits received by the individual from it. And this would mean—and here, I fear, is where my conservative readers will begin to hold up their hands in protest—*greatly* increased income and inheritance taxes, taxes so greatly increased that in the "upper brackets" there would be practically nothing left. I believe, in other words, that, although it is socially and economically unwise to restrict in any way the details of the exercise of personal initiative, although every individual should be given opportunity to exert to the full his abilities for business organization and management, so that society may have the benefit of his exercise of those abilities, yet if the individual, by that free exercise, has profited personally to a socially undesirable extent, it is both wise and proper that society should step in to curb his undue personal acquisitiveness. But this curbing, you will note, is all done at one time, at the end, not at a thousand points in between. This policy would, of course, inevitably cause a spreading realization among the entrepreneur class that business activity which was carried on *merely* for the sake of increasing personal acquisitiveness was not only anti-social, but that it was not worth the candle; that the full and free exercise of personal abilities for their own sake, for the common good, offered adequate or even greater satisfactions.

You see, it all boils down to this: in *any* society *some* one, as Mr. Davis recently put it, "must sit in the driver's seat and hold the reins." Our only real question is: who is better able to conduct business efficiently, and for the best good of society, the man *selected automatically* for his position by the long and bitter struggle for place in the present competitive system, or—a *political appointee?*

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Wanted: a Plan for Our Bank Credit

By N. A. Tolles

Suggesting some measures for more adequate control of the ninety per cent of our money supply now practically unregulated

The Gold Reserve Act of 1934 has removed many uncertainties concerning the future of the dollar. Our fiat money period is past. The gold bullion standard, in the style of post-War Britain, has been wedded to Fisher's compensated dollar. The expected child is to be a dollar "which a generation hence will have the same purchasing power and debt-paying power as the dollar we hope to obtain in the near future." But the child will not be allowed to upset our international household too much. The dollar is to be kept within fifty to sixty per cent of its former gold value.

The problem of bank credit has not been so neatly settled. About nine-tenths of all our spending is done with cheques drawn upon bank accounts. This is the really chaotic part of our money supply. Since 1921, the volume of bank deposits has shot up from thirty billion dollars to over fifty billions, only to shrink to about the original figure. Dizzy "prosperity" was followed by miserable depression. We can not have a reliable dollar until this spending power is controlled. Without a plan for bank credit, we shall gain little by a stable gold standard—or by a manipulated one.

A century ago, England was faced with our present problem of salvaging a monetary system from the wreckage of war. The so-called "banking school" of thought advocated the control of the *quality* of credit, while the "bullion school" stressed the control of *quantity*. The conflict continues to this day. Senator Carter Glass is one representative of a large group who trace our recent disasters to the unwise use of credit before 1929. Witness the losses on securities bought for a rise, on real estate developments and on overbuilt productive facilities. Control the quality of credit advances, this group tells us, and the quantity will adapt itself to our needs. Professor J. H. Rogers of Yale, a Presidential adviser, represents those who stress the control of quantity, the modern variation of the "bullion school." Inflated spending, whether by paper money or by excessive bank credit, is cited as the reason for the boom with its unusually profitable production and its temptation to speculation. Depression and unemployment are considered the inevitable results of the losses which a violent contraction of spending brings about. Regulate the quantity of money, especially the volume of bank credit, and the tidal waves of business would be prevented.

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The recent discussion of banking has been dominated by criticism of the qualitative aspects of credit. This was natural in view of the overwhelming number of bank failures, the RFC attempts to thaw out frozen assets, and the notorious state of foreign bonds and real estate mortgages. Moreover, the Senate Committee on Banking and Currency has cast doubt upon the judgment, and occasionally the integrity, of some of our "great" bankers. But when we have finished meting out the blame, how do we intend to protect the future against mistakes in the use of credit? Our hopes appear to be based on three types of reform: in the judgment of credit needs, in banking and business structure, and in direct banking regulation.

II

The gross mistakes of the "new era" are generally admitted today. Have we not learned our lesson? Many "practical" men seem to think so. They wish to depend on the mere accumulation of experience to teach bankers and business men a wiser lending and borrowing policy. Our history suggests, however, that such caution, bred of experience, lasts for about four years. We vowed that the 1921 crisis would never be repeated. Did not the growth of forecasting, business statistics and scientific business training insure against the misplacement of credit? It did fairly well, perhaps, until about 1924. After that, the temptation of immediate profit was so great and the belief in a new era so plausible that the restraints vanished. A dozen similar examples could be cited from other periods. We can not depend upon memory.

Can we depend upon structural changes in banking and business to guide credit correctly? High quality credit is the indirect, if not the immediate, goal of many of the proposed reforms. Ex-Comptroller of the Currency Pole never ceased to advocate the spread of branch banking. Such reformers hope to eliminate the small bank which invested so recklessly and to replace it by a unit large enough to afford expert advice and diversified risks. Mr. John T. Flynn leads the movement for a still more certain divorce of banks from security affiliates, thus hoping to purge banking of its promotional psychology. Messrs. Berle and Means advocate restraints on holding companies, so as to discourage the deceit and warped judgments which arise when one person may represent both seller and buyer, borrower and lender. Mr. Owen D. Young expects that trade associations, released from the anti-trust laws, will enable business to adjust production capacity to demand and so improve the use of borrowed funds.

As methods for controlling credit, these measures have the defect of raising so many other problems. Branch banking and the repeal of anti-trust laws obviously tend to concentrate economic power. They will be opposed by those who favor restraints upon integration in banking and industry. A more fatal defect is that all of them together would not eliminate the motive for speculative financing which exists whenever excessive spending provides glittering prospects for profit. Credit will surely be shunted into speculative fields by secret understandings and the ingenuity of corporation lawyers, whatever the law decrees as to the form of private enterprise.

Governmental supervision of bank portfolios provides the most direct attack on the quality of credit. American banks, probably the most regulated in

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the world, are apparently due for still more complicated supervision. The Banking Act of 1933 has already added restrictions on loans to bank officers and affiliates, restrictions on loans to any one party, restrictions on the concentration of bank investments, and a threat to deny rediscounting facilities if security loans become excessive. But until our commercial banks are confined to self-liquidating, short-term, commercial loans, reformers like Senator Glass will not be satisfied. Here we find the purest form of the thesis that our credit money may be left perfectly elastic, provided only that bank funds are restricted to the serving of the temporary needs of "legitimate" business.

III

But can this ideal be translated into effective law? There are grave difficulties, both with the supervising authorities and with the definition of the standards themselves. Our old banking standards would have resulted in the early closing of many banks, had they been enforced. We have sworn testimony to show that the examiners did not enforce them. The reason is not difficult to find, and it does not necessarily involve corruption. The closing of a large bank has serious repercussions throughout the banking and business community. Knowing this, the examiners live in the perpetual hope that questionable assets will be eliminated as a result of advice only. The Bank of Kentucky received such advice continually from 1926 to 1930 without making any real correction in its credit lines.

Even if we grant that regulations of this kind can be enforced rigidly, we are still faced with the problem of what forms of credit to prohibit. The form of the advance does not indicate anything conclusive as to the liquidity of the bank's assets or as to the ultimate use of the funds obtained by the customer. The security loan, now in disrepute, is probably the safest and most liquid of all for the bank, simply because the collateral may always be sold in case of danger. The commercial loan seems to be liquid because it has a short maturity, but the bank will actually collect only if the business fortunes of the borrower permit this. Otherwise, the American bank generally grants a renewal, rather than to ruin a valuable customer or to drive him to a competing lender. Even the direct bank investment may be more liquid than the commercial loan, so long as security markets permit a sale without loss. True bank liquidity can not be judged without an intimate investigation of the financial and market position of every borrower and a forecast of the security markets. This is quite outside the range of routine examination.

These difficulties were nicely illustrated by our experience in the years 1928 and 1929. Here was a clear-cut failure to control the use of credit by attacking the form of the bank advance. The Federal Reserve Board refused to check the volume of credit for fear of hurting "legitimate business," but it wished to stop the flow of credit into the security markets. Resort was had to differentiated interest rates, according to the form of member bank borrowing, and to appeals to the banks to stop the increase in their very profitable security loans. The result was that "legitimate business" borrowed excess funds in the approved ways and lent the proceeds to the stock market. Stopping a credit inflation by qualitative measures is like trying to dam a torrent with a picket fence.

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IV

Control over the quantity of bank credit is the logical extension of our well-established practice of regulating coinage and the issue of paper money. Unlimited issues, whether by private individuals or by governments, have always been uncertain in value and have often become worthless. Today, when bank deposits do most of the work of purchasing, it should be obvious that the volume of bank credit must be watched even more than the volume of coins or notes.

Since 1863 national bank deposits have been limited by the requirement of minimum reserves of gold or legal tender money. Bank loans might expand during prosperity until the resulting deposits had reached the reserve limit. This profitable expansion left little extra power to lend during a financial crisis. The Federal Reserve Act of 1913 attempted to make bank credit more elastic. The twelve Reserve banks came to hold the important stocks of gold, while the member banks kept their reserves in the form of deposits with these twelve. By borrowing or rediscounting certain of their assets, member banks might obtain additional deposits when necessary and hence be able to expand their own credit. If the Reserve banks and the Federal Reserve Board could control the volume of these reserve deposits they might deliberately manage the maximum credit which member banks could extend.

The mechanism for this management consisted of power over rediscount rates and power to buy and sell commercial paper and government obligations in the open market. An increase in the rediscount rate would raise the cost of acquiring additional reserves. When the cost became more than the prospective return from the use of the funds, the expansion of bank credit would be checked. Moreover, if member bank reserves were adequate to support an undesirable credit expansion, the Reserve banks might dump their holdings on the open market. Whoever purchased this paper would have to draw on his bank and thus deplete the reserve deposits necessary for credit expansion. The creation of purchasing power might thus be checked by higher rediscount rates and open market sales, while the opposite measures would encourage its expansion.

There is now a wide-spread skepticism concerning the efficiency of such measures. Our high hopes for the Federal Reserve system crashed with the stock market in 1929, and they were not revived by the results of easy credit in 1932. Yet these methods dealt successfully with two threats of unhealthy booms, in 1923 and 1925, and with two periods of declining business, in 1924 and 1926. By 1927, Mr. R. G. Hawtrey, financial adviser to the British Treasury, could say that the American technique of credit control had been "magnificently demonstrated." The subsequent debacle is to be blamed on the mistaken objective of stabilized commodity prices rather than on the method of quantity control itself.

For eight years before the stock market crash, the United States succeeded in maintaining a reasonably stable average of commodity prices in spite of large receipts of gold. Falsely, this appeared to be a sufficient aim of credit policy. Quantity theorists as different as Professor Irving Fisher and Professor J. M. Keynes agreed on this goal during these years. Rising price-levels had marked the dangerous periods of infla-

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tion of the past. Moreover, price-level stability coincided fairly well with business stability, until 1926. During the next three years, commodity prices showed no alarming rise. Indeed the Bureau of Labor wholesale price index was falling slightly, at the very time when speculation was most exaggerated. By the price-level test, further credit expansion seemed desirable, and this course was followed.

Actually, a more rapid fall of commodity prices was called for. A revolution in industrial technique was rapidly reducing the unit-costs of production and promising to reduce them even more in the future. Thus a wide-spread prospect of speculative profit from capital investment appeared, even though prices did not rise. In the past industrial booms had been produced by the rise of selling prices faster than the costs of production. But similar effects may result from the fall of production costs faster than selling prices. In this case, there was an overstimulation of factory and office building and a speculation in securities and real estate, quite in the style of an ordinary boom. We had an inflation of profits even though there was no general inflation of prices. This called for a restriction of credit volume, the precise opposite of Major Douglas's "Social Credit" scheme for preventing depressions which aims to add continually to purchasing power.

Having failed to prevent the boom, the Federal Reserve administration failed to stimulate a quick revival after the crash. Even rediscount rates below two per cent and a billion dollars of open market purchasing during 1932 were met with a continued decline in bank credit and in spending. Yet this should not surprise us. Central bank control can do no more than to provide reserves, on the basis of which member banks *may* expand their loans and investments. But until production costs and capacity have been adjusted to the new conditions of demand, business will not find it profitable to use this available credit no matter how cheaply it is offered. "Such a condition of stagnation," Mr. Hawtrey has observed, "is not possible except in the course of a reaction from a riot of inflation. If the inflation is prevented, the stagnation will never arise." Easy credit may prepare the ground for revival, but the definite control of credit volume must be exercised during prosperity. It is not too soon to lay our plans for credit control for the beginning of the next boom. These plans must include a strengthening of our control over the quantity of bank credit, no matter what we do to regulate its quality.

IV

Shall we proceed by trying to improve the Federal Reserve technique or by using some more automatic substitute for it? The case for each must be examined. The influence of the central banks might be increased by extending Federal Reserve membership, broadening their operations, or changing their methods. Mr. Thomas W. Lamont, a Morgan partner, represents a group who would compel all commercial banks to join the system. It has usually been assumed that such compulsion on State banks would be unconstitutional, but the Attorney-General's office now tells us that this difficulty could be surmounted. So far we have done nothing but to provide a guarantee-of-deposits system. This may increase the inducements to membership, if it remains a permanent part of our banking system.

Mr. L. B. Currie has written a Har-

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vard University thesis to prove that the Reserve banks should deal directly in the security markets, certainly in the call loan market and perhaps even by the free purchase and sale of long-term securities. This would be a drastic attempt to provide central control over all kinds of credit, deliberately abandoning that concentration on short-term commercial credit which is so dear to the hearts of the followers of Senator Glass. Mr. Currie also supports Professor Keynes's suggestion that central banks be given power to alter the minimum reserve requirements of their members at will, a plan which was considered and abandoned in 1917. It is clear that credit expansion could be absolutely stopped by sufficient increases in required legal reserves in combination with high rediscount rates.

The more power of this kind we give to the credit managers, the more essential it becomes that the authorities understand when credit should be curtailed or expanded. They can not afford to wait until gold reserves run low. Had they done this, the credit expansion would have proceeded even after 1929. No longer can they be content with a stable price index, especially if technical improvements in production are destined to continue. They must aim to control the volume of credit-purchasing-power which is spent so as to prevent undue business profits or losses. This is a problem of reading the indexes correctly.

Professor Keynes's *Treatise on Money* has laid out some theoretically perfect tests of credit inflation and deflation, which are completely free from the "stable price-level" fallacy. Unfortunately, however, none of his factors are satisfactorily measurable at present. More practical is the test proposed by Professor Harold L. Reed of Cornell. He contends that the volume of bank credit should be constantly compared with the index of the volume of physical production. As soon as bank credit increases much more rapidly than the goods whose production is presumably being financed, it can be known that a credit inflation is in progress. This test was announced by the Federal Reserve Board itself in 1923, but later abandoned. Had it been followed, a much earlier restriction of credit would have been called for before 1929. But the test still leaves a good deal to be desired. How can we be sure that there is no unhealthy speculation in the production of goods itself, especially in the production of capital goods? This will have to be tested by a number of other indexes.

The recognition of a credit inflation is probably not beyond the power of qualified experts, using the statistical data now available. But the condition is sure to be a complex one when it arises. This complicates the problem of management, for a democratic state will demand justification for any authority which curtails the individual's chance for profit. A boom is always popular while it lasts, and there is bound to be pressure on the central authority to delay credit restriction until it is too late. Some American farmers have never forgiven the Federal Reserve Board for "deflating" them in 1920, in spite of the obvious fact that a dangerous inflation was then in crying need of credit restriction. And there is considerable evidence to show that the Reserve banks were restrained in 1928 by politicians who feared to injure business just before a Presidential election. This was bad enough when the Secretary of the Treasury was only one member of the controlling Board. The danger is

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greater now that the Gold Reserve Act has given the Treasury power to nullify anything the Board may do.

V

Control of the quantity of bank credit would be much more practical if some automatic device could be substituted for discretionary management. A mere gold standard has been clearly shown to be insufficient, and the present plan of altering the gold content of the dollar is no substitute. It involves all the problems of management without affecting domestic bank credit as directly as Federal Reserve control may do. The same objection may be made against the current agitation for increasing and "nationalizing" the use of silver. But there are two proposals worthy of serious consideration.

The first is to be found in the 1931 report of the Committee on Bank Reserves of the Federal Reserve System. The report laid out a fixed plan for regulating legal reserves which would have the effect of increasing the requirements automatically as the turnover of bank deposits increased. This would be a valuable improvement. The largely fictitious distinction between time and demand deposits could be discarded. More important, member banks would find themselves short of reserves much earlier in the boom period, even if the central authorities took no restrictive steps. More rapid spending, as well as a greater volume of purchasing power, is involved in every inflation. Under the proposed plan, some pressure would be applied during the period when restrictive measures were being debated. Yet Dr. B. H. Beckhart has truly observed that these changes in reserves must be considered "in the light of significant handmaidens" rather than as "a substitute for central banking policies." Deliberate management would still be required to cope with seasonal changes in the demand for funds and with large inflows or outflows of gold. Moreover, member banks might still recoup their reserves by rediscounting. The rediscount rate would still be at the discretion of the central authority.

The second suggestion has received far too little attention. It is the work of a group of economists at the University of Chicago. It involves nothing less than a permanent separation of the business of lending from the business of handling deposits. Two sorts of institutions would replace the modern commercial bank. One would keep its customer's funds and transfer them, but would be prohibited from lending or investing the balances held. The other would lend or invest the proceeds received from subscriptions to its stock or bonds, but would be forbidden to accept deposits. It would resemble the investment trust except that it might make short-term loans as well as investments. All expansion of our purchasing power by the banks would thus be prevented. No one could lend except as funds had previously been received. Investments in plant or inventories could increase only to the extent that equal sums had been truly saved, that is withdrawn from current consumption uses. Banking would become in fact what it now only pretends to be, a business of placing savings to the greatest advantage. The safe-keeping and transfer of funds would be paid for as a service, without any chance of loss from mistaken credit management.

By these means, it would be possible to fix the total volume of our purchasing media for all time. Since discretion would be eliminated, the pitfalls of con-

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fused analysis and political pressure would be avoided. In particular, the knotty problem of inflation through increased productive efficiency would be solved automatically. The price level would fall as more goods came onto the market to be purchased with an unaltered quantity of money. This price decline would not be of the drastic kind we have recently witnessed and need not result in any general depression. It would be roughly parallel to the fall in production costs, and not the result of a destruction of purchasing power through the decrease in loans or the failure of banks.

It would be possible to increase the quantity of money by outright printing of government notes, if this were necessary. This might be advisable if additional goods came on the market as a result of an increased population or the discovery of natural resources. Ideally, the volume of money ought to be altered to compensate for changing rates of turnover, in addition. But the Chicago group believe that these are minor factors. There is not likely to be a great increase in the future population or area of the United States. And the fluctuating turnover of money is probably due, for the most part, to speculation on rising prices and hoarding during depression. These changes would be avoided if we could prevent the creation and extinction of purchasing power by our banking system.

The problem of the dollar is far from solved. If we are to achieve any real reform, we must begin by abandoning our childish faith in gold, whether as an automatic or as a managed regulator. Much remains to be done to improve the quality of our bank credit, but the utmost regulation we can expect can hardly solve our banking problem. Some effective control of the quantity of bank credit must be undertaken. If we can not develop a clear and effective method of central management, then we must turn to a complete reorganization of the functions of our commercial banks. Control of the volume of purchasing power should require less governmental "tinkering" with private business than any effective alternative. If there be friends of free enterprise left, they should press vigorously for such control. After the next wave of speculation, it may be too late.

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Government by Trial Balloon

By J. M. Nolte

There is an increasing desire for the President to state his aims more plainly, so that in the fall elections we can know whether we are voting for "patriotism or pork"

Over and over in the past few months we have read in press comments upon affairs at Washington something to this effect: "It is generally thought that the Administration regards the measure now pending as a trial balloon, sent up to find out which way the political wind is blowing." Echoes of such opinions have reached us in the supplementary comments of journalists on the President's "fan mail," which is evidently examined minutely by "the pale augurs, muttering low," much as the Roman priesthood in ancient times examined the flight of the birds of prophecy or the entrails of the sacrificial oxen. There seems to be more than a slightly and occasionally expressed opinion that this deliberate laying of the administrative ear to the ground (to vary the figure unconscionably!) is done not so much with the diagnostic intelligence of a physician seeking to learn through his stethoscope how his patient is reacting to treatment, as with the evasive intelligence of the fox seeking to learn where the hounds are to avoid them.

There is a nice distinction between these possible purposes of Presidential listening which is simple, but hard to make definite. It is patently the duty of any administration to use to the utmost all reasonable means of keeping in touch with its constituency. No one may justly cavil at it. Yet the way in which information about the state of public opinion is employed by an administration may be dictated by motives so diverse as to give cause either for satisfaction or alarm—depending upon one's interpretation of what America's government should be. If a President, working to realize a definite programme, seeks to gauge the chances for success or failure of a next step by learning popular reaction to steps already taken, that is one thing. If a President, on the other hand, really has no programme except to be popular, and seeks from the reactions of voters to determine for himself and his party what they must do to remain popular, that is another thing. The difference between these attitudes asks the question whether the American idea is trial balloons for the advising of government, or merely government by trial balloons.

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This, in turn, is only another way of putting a question familiar enough to all partisans of our political mode, for it re-awakens the age-old conflict between the delegated powers of a federated republic and the mandatory suggestions of a numerical democracy. In a republic, the people elect leaders who rule. In a democracy, the people themselves rule by direct vote. (The terms "republican" and "democratic" are, of course, used in this sense, and in what follows in this article, without reference to political parties.) Where is the repository of political wisdom? Is it in the "experts" in government, in those of superior judgment and capacity, to whom—following Hamilton's advice—we have entrusted the power to rule us in our interest? Or is it in the people themselves, in us as individual voters, who are competent—as Jackson insisted—to make decisions and to express judgments which are binding upon our officers, themselves our pawns in the political play?

One is likely to conclude that the attempt to answer these questions indicates an appalling confusion in the United States today. One is tempted to say that our citizens honestly do not know the answers, or at least do not know how to act upon the answers, and that our leaders oscillate between one answer and another.

II

Some critics of the Administration castigate it for subverting democracy; they look upon its works and find officious bureaucracy, unwholesome regimentation, an obstinate and haughty attempt to tell the country what is good for it. Other critics castigate the Administration for betraying republicanism, charging that our leaders are not leaders at all except in the purely adventitious sense of being at the head of the scurrying mob; such critics insist that the leaders are mere sycophants who fawn upon the electorate. Still other critics find the Administration hopelessly entangled because its confessed politicians are vote-hungry "practical" democrats, while its self-admitted statesmen are vote-careless "academic" republicans.

The urban dweller finds in NRA and AAA thoroughgoing republican control and regimentation by an expert class. The farmer finds AAA either officious interference by meddlers, or an unblushing attempt to buy his vote, to pay him enough shekels to alleviate his distress—until after election. The meddling is bureaucratic republicanism; the bribery is degenerate democracy. One large-scale industrial leader finds NRA an unwarranted extension of republican powers; another finds it a necessary democratic expedient to establish limits for the play of rugged individualism. Most small-scale operators consider NRA oligarchical control of naturally republican functions. Many business men assert that our fiscal necessities demand dictatorial extension of republican executive power over the monetary system, the tariff and foreign debts. Other business men insist that in such a direction lie actual dictatorship and further depression and the madness of war. It is unnecessary to cite book and page for the foregoing opinions: they cry out at one from the pages of every newspaper and every journal of opinion. One is reminded of the fable of the three blind men and the elephant, except that here it is a donkey that the blind men are inquisitively fondling.

When one turns to the politicos themselves, the confusion is worse confounded. The brain trusters shout that

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they have no national plan subversive of individual rights, and thus, presumably, no plan subversive of democracy. But their works often seem to lead directly to wide-spread socialized control and regimentation, which is a straining of republicanism towards a denial of individual competence, and thus in effect a denial of democracy. President Roosevelt says there is no academic plan at all, that he knows only that we are going out of the depression with all the feathers still on the eagle, even if the eagle is temporarily "blue." Secretary Wallace, however, speaking as one of the Administration's Chautauqua staff, says that there must be a plan, a well understood plan, or we'll never get out of the depression. Congress is for the New Deal as long as it can define "deal" after the fashion of the late David Harum: Congress is jealous of the liberties of the people, but in an ambiguous sense. It cherishes the liberties when they can be fastened to the prerogatives of Congress; it resents the liberties when they tend to diminish Congressional authority and importance. Congress is republican at Washington and democratic at home.

Nor are the people themselves, as a whole, any clearer than their economic and political leaders. The blind lead the blind. In Minnesota recently, for instance, the Farmer-Labor party (which in 1930 and 1932 polled an absolute majority of the votes cast for governor, and which today runs the commonwealth) set forth in its platform for the November elections that capitalism has failed and must be abolished forthwith, and that State ownership or coöperative ownership of all economic facilities and industries must be accomplished by "immediate steps." The sanction for this attitude is taken from the national New Deal itself, which is thus interpreted as the very utmost in democracy—a democracy so complete as to be socialistic. One swallow does not make a summer, of course, but similar expressions of socialistic sentiment are being made unofficially throughout the Middle West. On the other hand, everywhere in local elections this spring there was a noticeable trend towards conservatism, towards old-fashioned, delegated-authority republicanism. The depression-broken dreamers about the millennium are fashioning out of rainbows their ultra-democratic platforms; but the tax-ridden bourgeoisie are at last getting out the vote, and the vote is for our original republican formula, "elect a good man and stand behind him."

III

This all-infecting confusion indicates in the United States a "house divided" attitude which has decided implications for mischief. The mischief is likely to result if the Federal Administration, having set in operation grandiose long-time melioristic schemes, then "sells out" to democratic opportunism. A brief rehearsal of recent history will clarify this statement.

During the 1932 campaign, Mr. Roosevelt wisely made as few definite commitments as possible. He and his platform, however, pledged his party —among other things—to beer and repeal, to balancing the budget, to maintaining a sound currency, to the ending of oligarchical control in banking, industry and government, and to the removal of agricultural disabilities. The people voted for a clean slate, and for Mr. Roosevelt. After election, they found that the New Deal apparently meant more than they supposed. Beer and repeal arrived ahead of schedule.

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The budget balancing was indefinitely postponed, and the national deficit increased. "Sound money" either was abandoned or proved to be an equivocation. Reform in government seemed at first to make great headway, but with the influx into office of thousands of Democrats to spend billions of public money, real reform became impracticable. The housecleaning activities in banking and industry, and the aid to agriculture, proceeded apace under the ægis of unusual powers granted to the executive for the emergency.

As months passed, however, and the emergency seemed to grow less acute, it was plain that the melioristic schemes for industry and agriculture required time and patience for their success. The New Deal came to mean, practically, PWA, CWA, CCC, AAA, the Federal power projects, and the Federal money-lending agencies. Excepting the first three, all of these have come to look to the future. The New Dealers, by emphasizing the long-term character of part of their programme, created for themselves a convenient "alibi" for failure of specific meliorative attempts. When short-term results were not impressive, behold! the scheme in question became part of the long-term programme. And vice versa. AAA, combined with the quantity theory monetary experiments, was to restore agricultural prices to parity with the general commodity list. After a year and a half, the goal is still out of sight. AAA is now part of a philosophical system and is on the long-term programme. In its sociological aspects, NRA, in so far as it is more than an attempt to lift ourselves by our bootstraps financially, also started in as an emergency measure and soon became an item of professed long-time policy.

Now, while we may not be concerned with the philosophical background of government in the United States simply as such, while we may not care from a philosophical standpoint whether an administration uses trial balloons to determine how much leeway it is making from a plotted course or whether it sends up trial balloons and then plots its course to follow the balloons, we are concerned with the financial and social effects of long-time meliorative schemes, and we do care whether or not our Government is actuated by a political philosophy that insures a decent chance to have the schemes carried out successfully. Such projects as TVA, AAA, RFC and HOLC, for example, require the disbursement of billions of public money; they require centralized control, long-time planning, and a high degree of technical competence in management. They may fail in spite of the best talent and the most comprehensive planning. But are they not sure to fail if they become subject to government by trial balloon, if we abandon them to any administration that lives by sublimated mob rule?

One thus returns, as one always must return, to the absorbing debate which has run through the history of our popular government from the beginning: are we the people competent to govern ourselves, are we able to decide correctly the questions concerning technical minutiæ which obtrude themselves in the discussion of every phase of modern governmental activity? Or is the best that we may expect of ourselves a more or less sensitive compliance, which gives us at least the illusion of choosing devoted public servants? If the present Administration is sending up balloons and inspecting oracular entrails merely to perform hocus-pocus designed to

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keep the opposition from the halls of Congress, is it likely—in view of the long-time programme now under way—that we have chosen devoted public servants? Mark you, the question is merely asked, not answered!

IV

President Roosevelt's tradition is disparate. It is country-gentleman-individualist and Mr. Ickes and Miss Perkins and Harvard, which is all to the good. But it is also metropolitan-and-Albany-politician and Mr. Farley and Charlie Michelson and bureaucratic-Washington, which is possibly not quite so good. One may without reservation applaud the evident beatitude of his aims. But one may also make a plausible case for the theory that his nobility of purpose sometimes enfranchises ignoble means. About the White House there are little ghosts that will not be laid—some of the Presidential appointments, loud lip-service to measures that the President nevertheless did not consider important enough to drive through Congress, public utterance a trifle too suave and politic. Perhaps if one could know and feel the force of all the perplexing currents and counter currents that engulf a President there would be no ghosts. Perhaps.

The tradition of the Democratic party is similarly disparate. Because of historical accident, no doubt, it has for three-quarters of a century been the victim of a defeatist or at least a "disaffected" psychology. To it have flocked irreconcilable groups, united temporarily by adversity, but in themselves fundamentally too hostile to remain long in the same tether. Differences of interest, of religion, of economic and political creeds, of philosophy—these have always managed to split the party asunder. The Republicans have had the task of uniting similarly irreconcilable elements, to be sure, but they have had a background of success and of triumphant moral idealism to start with. One is reminded of the editorial in the New York *Times* on that morning in 1916 when it conceded to Mr. Hughes the election that three days later went to President Wilson. The *Times* had supported Wilson, but, convinced that Mr. Hughes had defeated him, it said, in effect, "Well, anyway, the country does more and feels better under a Republican administration." That sentiment is in the air today, just as it was in 1918 when Wilson urged the people frantically to hold up his hands by reëlecting a Democratic Congress. The sentiment is by no means as strong as it was in 1918; but it has been growing for several months, and the fact that it exists at all is proof that the dissentient heterogeny that catapulted Franklin Roosevelt to office has not yet been solidified into a real political entity. Perhaps its elements can not be fused. Perhaps the distribution of patronage and of funds was not the way to fuse them.

Before the autumn elections, the leaders of the Administration are likely to be forced to decide whether they are trial-balloon democrats or old-fashioned republicans. It is almost unthinkable that they should choose to be the former, yet stranger things have happened in American history. Their strongest appeal, it would seem, is not to the unblushing self-interest that has been "greased" heretofore by the distribution of patronage and of public funds, nor even to the hopelessness bred of penury and woe. The most powerful appeal of President Roosevelt to date was his bank holiday radio address. Since that occasion his popularity—although it is

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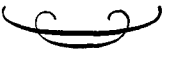
still tremendous—has dwindled. America is confused; it doesn't know itself whether it is for republican delegated authority or democratic you-go-to-Washington-and-do-as-we-tell-you attorneyship. But the imminence of a general election and the mounting pressure of public debt will compel it to a decision shortly, and from most indications one may assume that it will favor the traditional and constitutional philosophy. President Roosevelt has a present opportunity, by modifying some "radical" tendencies of the New Deal and by asserting again the necessity of carrying out his long-time programme under competent auspices, to turn this bourgeois republicanism into a dynamic help to his party. But this conservatively liberal element is not likely to follow trial balloons. It demands an outspoken definition of the limits of socialistic bureaucracy under the New Deal, and a reaffirmation of the President's promise that he will conduct our affairs in the permanent interest of the majority of our citizens—including the taxpayers.

One may hope, therefore, that the emphasis on trial balloons in the Washington dispatches is misplaced, and that the Administration is going to stand for the fall elections, in so far as it has a part in them, on the high ground of courageous and adaptable measures of political reform under such direction and control as derive from the principles of the Constitution. Win, lose or draw, it will be better for the country to have the issue clean-cut and plainly drawn between patriotism and pork, between self-assertion and drift, between bona fide representative government and opportunist compliance with popular whims.



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Soviet Russia Between Two Fires

By G. E. W. Johnson

Japan in the East and Germany in the West are disturbing Kremlin composure, and there is a question whether they may not join forces

The year 1933 saw a very significant change in Soviet Russia's attitude toward other countries. For years Russia had regarded herself as the spearhead of the proletarian revolution, which all the capitalist nations were conspiring to overthrow. This doctrine was a natural heritage of the days of the Allied intervention in 1918–20, when the powers had extended military and financial support to the anti-Bolshevik forces. In the years that followed there was a mutual repulsion between Russia and the outside world. The Soviet Union saw in every move of the "bourgeois" governments a move against Russia; the bourgeoisie of the world regarded the Soviet Union as a vast malarial swamp from which there continuously exuded a noxious miasma that bade fair to pollute the whole of their civilization.

But a train of events set in which, after rapidly gathering momentum in 1932, came to a culmination in 1933 and in a surprisingly short time effected a radical transformation in the Russian attitude to foreign countries. Instead of the vague suspicions directed indiscriminately against all capitalist powers, Russia's fears have been definitely focused upon two nations from which the danger of attack has become very real. The Japanese conquest of Manchuria in 1931–33 and Hitler's conquest of Germany in 1933 are two concrete facts which are full of ill omen for Russia's future, menacing her at the eastern and western extremities of her six-thousand-mile expanse of territory.

Russia is, in a territorial sense, one of the satisfied nations of the world. Including Siberia, she comprises the largest continuous tract of the earth's surface under one sovereignty; she has within her own borders all the territory she needs to meet the requirements of her large population. But it is her misfortune to be situated between two of the most land-hungry nations of the world—nations which are also most formidable in their capacity for military effort. What is more natural than that Japan and Germany, searching for an outlet for their rapidly increasing populations, should fix their eyes upon the vast, thinly peopled expanses of the Russian plains, which cover one-sixth of the land surface of the globe? Both countries have had their appetites whetted by decisive victories in the recent past. Japan demolished the myth

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of white invincibility by defeating Russia in 1904–05; Germany, with one hand tied behind her back, battered Russia into a pulp in 1914–18 and extorted from the reluctant Bolsheviks the treaty of Brest-Litovsk, although she was barred from enjoying the fruits of this achievement by her subsequent defeat upon the Western Front.

For a long time following the Great War, Japan and Germany were quiescent; but the economic depression which settled upon the world in 1929 awakened in both countries the dormant spirit of militarism, which looks for a solution by conquering alien lands in which their cramped populations can find new homes and new markets.

The Japanese menace became acute in the early part of 1933, when the subjugation of the Russian sphere of influence in Manchuria was completed. Almost simultaneously, by a strange and fateful coincidence, Adolf Hitler, who had long dangled before the German masses visions of vast conquests at Russia's expense, gained control of Germany.

Under these circumstances, Russia's ideological picture of the outside world has undergone drastic revision. She no longer sees it as a complex of states that are equally evil because they are all alike capitalist; she now sees it as composed of separate units, some of which are real menaces to her security, and some of which are potential friends. Her leaders have discarded, or at any rate profoundly modified, a theoretical world-outlook based upon the dogmatic thesis of an inexorable conflict between capitalism and communism. In so far as this thesis is still maintained, the coming conflict has been relegated to a future so remote that it has no bearing upon present policy. The Soviet rulers have adopted the realistic attitude of making friends with whoever is willing to reciprocate their advances. As a counterweight to the Japanese menace, Russia has sought and secured recognition by the United States; as a counterweight to the German menace, Russia has spared no pains to place her relations with France and Poland upon a firmer basis.

II

The tendency toward a readjustment of Soviet foreign policy in this direction might have been detected as early as 1924, the eventful year which saw the death of Lenin, the recognition of Russia by the powers of western Europe, and the beginning of the violent quarrel between Stalin and Trotsky as to the proper line for Soviet foreign policy to follow. Stalin favored closer economic relations with the capitalist powers; Trotsky opposed them, and argued that a world revolution was an essential prerequisite to the success of the Soviet experiment in Russia.

Stalin was victorious over Trotsky, who was ousted from one office after another, and finally exiled from Russia in 1929. Under Stalin's dictatorship, Soviet foreign policy entered upon what may be termed its second phase, which lasted from 1924 to 1933. The new policy was intended to be merely a *modus vivendi;* intercourse with capitalist countries was to be confined to the minimum necessary for achieving the industrialization of Russia. It did not in any sense imply the establishment of cordial relations with bourgeois governments with a view to common diplomatic action; on the contrary, it was still held that as the socialist experiment approached success, the proletariat in capitalist countries would become restive

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and the bourgeois governments in desperation would form a coalition to destroy the Soviet Union.

It was the crystallization of the Japanese and German menaces during 1932–33 that ushered in the third phase of Soviet foreign policy under the astute guidance of Maxim Litvinov, People's Commissar for Foreign Affairs. The Soviet Government is now evincing a willingness, and even an anxiety, to transform its economic relations with well disposed powers into political friendships and *ententes*, to say nothing of alliances, with view to common defensive measures against an aggressor. Such an objective has naturally pushed the concept of world revolution into the background. Indeed, it has become a source of positive embarrassment to Moscow that Communist parties working in countries with which Russia is seeking friendlier relations should identify themselves as instruments or even allies of the Soviet Government. As Mr. Walter Duranty expressed it in a dispatch to the New York *Times* of November 20, 1932, "The Bolshevist Kremlin today regards the growth of the revolutionary movement in Europe with real anxiety."

The principles now governing Russian foreign policy were set forth in a speech of the utmost significance delivered by Commissar Litvinov to the All-Union Central Executive Committee on December 29, 1933. In this speech he undertook the task of adapting Communist dogma to the necessities of the new diplomatic situation. After a ritualistic repetition of the familiar postulate that capitalism inevitably breeds war, he continued: "But not every capitalist state has an equal desire for war at all times. Any state, no matter how imperialistic, may become deeply pacifist at one period or another. . . . Side by side with the very few countries which have already either replaced diplomacy by war operations [like Japan], or, being still unprepared for it [like Germany], are preparing to do this in the near future, there are those which are not yet pursuing such objects. . . . There are also bourgeois states—and they are quite numerous—which are interested, for the immediate future, in the maintenance of peace and are prepared to pursue a policy directed towards the maintenance of peace. I am not going into an estimation of the motives for such a policy, but am merely stating a fact which is highly valuable to us. . . . In striving therefore toward the establishment and maintenance of friendly relations with all countries, we devote particular attention to the strengthening of relations and maximum *rapprochement* with those countries which, like ourselves, furnish proof of their sincere desire to preserve peace and show that they are prepared to counteract any violation of peace. . . . The whole world knows that we can maintain and are maintaining good relations with capitalist states under any régime, including also a Fascist régime."

III

Whatever may be one's opinion of the sincerity of Russia's devotion to the cause of peace in the abstract, there can be no doubt that there is nothing that the Soviet Government more earnestly desires at present than an avoidance of the strain which a war would impose upon her industrial system. It is common knowledge that this system is already being strained to the uttermost under the Government's industrialization programme. There are large

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sections of the Russian population, particularly among the peasants and certain national minorities, whose disaffection might prove disastrous were they called upon to endure the further sacrifices entailed by a war. During 1931–33, many of the peasants, resenting the forcible collectivization of their farms, engaged in a wide-spread campaign of sabotage which brought large areas in Russia to the verge of starvation and caused a sharp increase in the mortality from malnutrition. Perhaps it is not without significance, as indicating the Soviet Government's opinion of their reliability, that the proportion of peasants in the Red army, according to the official figures of War Commissar Voroshilov, has been reduced from 57.9 per cent in 1930 to 42.5 per cent in 1934.

In addition, some of the national minorities, especially the Ukrainians, have not been wholly reconciled to their incorporation into the Soviet Union. The Ukrainian independence movement has been driven underground, but it retains a vigorous life, if we are to judge by the repeated discoveries, announced by the Soviet Government every few years, that highly placed Communist officials in the Ukrainian Soviet Republic are really secret agents of the nationalist counter-revolution. Stalin admitted the seriousness of the Ukrainian disaffection, which he adroitly linked with threats of German intervention, when he addressed the Seventeenth Congress of the Communist Party on January 26, 1934. "I have spoken of the tenacity of the survivals of capitalism," he declared. "It should be mentioned that survivals of capitalism in the consciousness of man have retained their tenacity much more in the national question than in any other sphere. . . . It is not so long ago that the deviation towards Ukrainian nationalism was not the main danger in the Ukraine; but when the fight against it was stopped and it was given a chance to spread to such an extent as to make common cause with the interventionists, that deviation became the main danger."

IV

After this glance at the combination of external dangers and internal stresses which have motivated the change in the Soviet outlook on foreign affairs, it will be interesting to see how the new orientation has been reflected in Russia's relations with foreign powers.

The Japanese menace first loomed on the Far Eastern horizon in September, 1931, when the Japanese army began to oust the Chinese authorities from the provinces of Manchuria served by the Japanese-controlled South Manchuria Railway. In December Litvinov, in an effort to save the Russian sphere of influence, which was served by the Soviet-controlled Chinese Eastern Railway, proposed to the Japanese the signing of a non-aggression pact. The Japanese protracted the negotiations for over a year. During this interval, they methodically proceeded to mop up that portion of Manchuria which the Russians had been wont to regard as their own preserve. The Soviet Government, hoping to avert the confiscation of the C.E.R., refused to associate itself with the League of Nations and the United States in their condemnation of Japan, and adopted a policy which to other countries seemed complaisant and even servile. Their reward came early in 1933, when Japan broke off negotiations for a non-aggression pact, offered to purchase the C.E.R. for what the Russians considered a ridiculously inadequate sum, and applied pressure by

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disrupting the operation of the line with a variety of restrictions and aggressions.

The Russian Government soon became convinced that Japan's ambitions were not confined to Manchuria, but that she aspired to absorb a substantial slice of Siberia. "A section of the military people in Japan," asserted Stalin in his report to the Seventeenth Party Congress, "are openly preaching in the press the necessity of war with the U.S.S.R. and the seizure of the Maritime Province, with the approval of another part of the military, while the Government of Japan pretends that this does not concern it, instead of calling the incendiaries of war to order."

Internally, the Russians have striven to protect themselves against Japanese attack by a heavy concentration of military force in the Far East; externally, they have sought to counterbalance the Japanese menace by a *rapprochement* with the United States. Fortunately for their desires, a new Administration had assumed office which was prepared to depart from the old tradition of aloofness and to meet the Russians half way. On October 10, 1933, President Roosevelt dispatched a message to President Kalinin, informing him that he would be pleased to receive a representative to discuss all questions at issue between the two countries. The Soviet Government eagerly accepted the invitation, and Commissar Litvinov, canceling all other engagements, arrived in the United States early in November. On the sixteenth of the same month, President Roosevelt announced the restoration of normal diplomatic relations with Soviet Russia. In order to secure this prize, Litvinov committed the Soviet Government to the most sweeping pledge against subversive propaganda that it had ever made. Not only would it refrain from direct propaganda, but it would restrain all organizations to which it lent financial aid from engaging in such activities. Hitherto the Soviet Government had always clung to the fiction that the Communist International with its headquarters in Moscow was an independent organization not under its control, but by this pledge it implicitly undertook to curb the International's activities as far as the United States was concerned.

V

Reconciliation with the United States had strengthened Soviet Russia in her dealings with Japan; at the other extremity of her borders she was also feverishly at work building a defense against possible German aggression. Adolf Hitler had become dictator of Germany in January, 1933. Here, instead of the symbolical bogy men at the mention of whose names all good Communists were wont to shudder, was a real fire-eater. In his book, *Mein Kampf*, Hitler had declared bluntly that Germany must seek territorial expansion at the expense of Russia, which he described as having fallen into the hands of the Jews, who were acting upon it as a "ferment of decomposition." This book was written many years ago, and it might be presumed that Hitler has since been sobered by the responsibilities of office. Litvinov, however, who is himself a Jew, expressed his skepticism in the speech to the Central Executive Committee already referred to: "We, for one, are unaware of a single responsible statement that would have completely erased the conception mentioned by me. The literary work in which this conception is preached continues to circulate in Germany without any expurgations in new editions, in-

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cluding an edition with 1934 as the year of publication. The same conception is openly discussed even now in the pages of the German press. Only about half a year ago at the London International Conference a member of the German Cabinet [Dr. Hugenberg] expounded in a memorandum the same idea of conquering the East. True, he was disavowed and we have no right to, and will not, consider this memorandum as an official document, but the disavowal of a minister does not destroy the fact itself of the submission of the memorandum, which shows that the ideas stated in the document are still current even among Government circles."

In seeking to checkmate German ambitions, it was natural that Russia should turn to those states that also fear Germany, of which France and Poland are the most conspicuous. Poland and the Baltic States lie between Germany and Russia. There can be no German invasion of Russia without these intervening countries either conniving in or resisting such an attack. After having seen the destruction of the Manchurian buffer state in the Far East, it was to be expected that Russia would take every precaution to strengthen her relations with the bulwark of buffer states on her western frontier. Over a period of several years Russia had already negotiated individual non-aggression pacts with several neighboring countries. While the London Economic Conference was still in session, Litvinov took advantage of the disquiet excited among the delegates of the border states by the publication of the Hugenberg memorandum to negotiate a treaty defining the concept of aggression in precise terms. On July 3, 1933, this treaty was signed by Litvinov and the plenipotentiaries of nearly all the border states—Poland, Estonia, Latvia, Rumania, Turkey, Persia and Afghanistan.

Even more significant, however, were the gestures made by Russia toward a *rapprochement* with France. A non-aggression pact had been signed by the two Governments in November, 1932, during the premiership of Édouard Herriot, leader of the French Radicals. In August and September, 1933, M. Herriot, though no longer holding any official position, paid a visit to Russia, and was soon afterwards followed by Pierre Cot, French Minister of Aviation. Both were cordially entertained by the Soviet Government. M. Herriot in particular, as a known champion of closer Franco-Soviet relations, was singled out for special praise. In his December speech to the Central Executive Committee, Litvinov went out of his way to pay a personal tribute to M. Herriot—an honor which the French statesman shared with President Roosevelt. "After the signing of the non-aggression pact," said Litvinov, "our relations with France have made rapid strides ahead. . . . The recent visit to our Union of M. Herriot [applause], one of the most prominent and brilliant representatives of the French people, and one who reflects their peace-loving sentiments . . . gave fresh impetus to Franco-Soviet *rapprochement*."

VI

Needless to say, the course of the Russian *rapprochement* with the United States, France and Poland was viewed with distinct concern in Tokyo and Berlin. Both Foreign Offices were not long in launching a diplomatic counter-attack, aimed at detaching these newly won friends from Russia. Germany entered the struggle first. Hitler and his aides were obsessed by the fear that

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France, Poland and their allies might launch a preventive war and crush Germany before she had time to rearm. A high degree of tension had been generated between Germany and Poland by the well known desire of the Germans to regain the Polish Corridor. This tension was materially eased when the two powers subscribed on November 15, 1933, to a joint declaration, which was subsequently implemented by a formal treaty to last ten years, whereby they agreed to renounce the use of force in settling any disputes that might arise between them. Hitler, knowing that this declaration would be interpreted in Paris as an anti-French move, immediately followed it up by granting a French journalist an interview which was published in *Le Matin* of Paris on November 22. This interview was remarkably conciliatory in tone. Hitler categorically surrendered all claim to Alsace-Lorraine. He sought to win French sentiment by depicting himself as a bulwark against Communism. War between France and Germany "would mark the downfall of our races . . . and eventually we should see Asia installed in our continent and Bolshevism triumphant."

This pacific gesture of Hitler's provoked a cleavage of opinion in France. The conservative wing of French political thought, or at any rate a section of it, is inclined to look with favor upon Hitler's offer. If Germany is willing to renounce Alsace-Lorraine and to guarantee to respect the integrity of French territory, there is no reason, they argue, why France should not meet Germany half way and sign a peace pact which would in effect be a pledge of non-intervention in the event of war between Germany and Russia. To put it baldly, they are prepared to purchase their own security by giving Germany a free hand in eastern Europe.

The Radicals and Socialists, on the other hand, are strongly opposed to any agreement that involves offering up Russia as a sacrifice on the altar of Franco-German amity. They are sympathetic with the Soviet experiment and bitterly hostile to Hitler's policy of domestic repression. They argue that to turn Germany against Russia is only to postpone the day when the menace of Hitlerism, bloated by conquests in the East, will have to be met—and to be met without the assistance of a defeated Russia.

The recent political crisis in France saw the replacement of the Left cabinet of M. Chautemps with a cabinet of national concentration headed by ex-President Doumergue, who is noted for his conservatism. Since this change took place, rumors of an impending military alliance with the Soviet Government, which had been given currency in the French Right press in December, have died down. However, M. Herriot, the outstanding champion of Franco-Russian intimacy, is a member of the Doumergue cabinet, and it is unlikely that the tendency toward a gradual strengthening of Franco-Russian relations will be interfered with as long as he is in the Government.

The most recent indications are that France, instead of seeking an *entente* directly with Russia, has adopted the more cautious policy of promoting Russia's adherence to the League of Nations, and thereby fortifying that body in the task of dealing with German obstreperousness. It is an open secret that the French Foreign Office is now conducting the necessary preliminary negotiations with certain of the lesser powers that have an anti-Soviet

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bias to ensure that at the September session of the League an invitation to become a member can be extended to Russia by unanimous vote. Soviet Russia once regarded the League as a "Holy Alliance of the bourgeoisie for the suppression of the proletarian revolution," but Litvinov's December speech contained a significant passage which bears all the earmarks of the beginning of a pilgrimage to Geneva: "Not being doctrinaires, we do not refuse to make use of any amalgamations and organizations, either existing or possible of formation, if we have now or in the future reason to believe that they serve the cause of peace."

Meanwhile, relations between Germany and Russia still continue strained. On March 28, Litvinov proposed to Germany a joint treaty whereby the two powers would mutually guarantee the independence and inviolability of the Baltic States. According to official statements made public in Berlin and Moscow on April 26, this offer was rejected by the German Government, which rather brusquely declared that "any attempt to throw doubt on the sincerity of this [German] policy must be categorically rebuffed."

VII

The recognition of Russia by the United States was a grievous disappointment to the Japanese. Whether rightly or wrongly, they fear that it implies American assistance in some form to the Soviet Government in the event of a Russo-Japanese war. Like Hitler, therefore, Japan also was not long in embarking upon a diplomatic counter-attack in an effort to dissuade the United States from associating itself too intimately with Russia. There is no reason to doubt the sincerity of the innumerable Japanese protestations, such as that of Foreign Minister Koki Hirota to the Japanese Diet, that "Japan fervently desires American friendship." The Japanese are realistic enough to know that a war with the United States might well prove disastrous to their ambitions in the Far East. An undisguised expression of Japan's anxiety at the state of her relations with the United States was manifested by the "informal and personal message" dispatched by Mr. Hirota to Secretary of State Hull in February. The correspondence, including Mr. Hull's reply, was made public on March 21. Although no concrete issues were discussed, the exchange seems to have cleared the air and paved the way for less strained relations. The removal of the bulk of the United States navy from the Pacific in April was another step in this direction, but the gradually improving sentiment between the two countries suffered a severe setback when a spokesman of the Japanese Foreign Office issued an informal declaration on April 17 which was in effect the proclamation of a Monroe Doctrine with respect to China. The essence of the declaration was the statement, "We oppose any attempt on the part of China to avail herself of the influence of any other country in order to resist Japan."

Why Japan should have chosen such a time to issue a statement which added nothing fundamentally new to her well known attitude toward China, but provided one more occasion for raising diplomatic temperatures, remains a subject of conjecture. It may indeed presage that Japan, having now decided that war with Russia has become too dangerous, has resolved to tackle helpless China instead. On the other hand, it must not be ignored that the declara-

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tion may indirectly pave the way for a clash with Russia. Was it sheer coincidence that a spokesman of the Japanese legation at Peiping on April 28 announced that Japan was watching with concern recent developments in Sinkiang Province, where Chinese Communists were waging a bitter civil war against Chinese Mohammedans? The Japanese spokesman expressed sympathy with the Mohammedans and charged that the Soviet Government was supplying war materials to the Communists. In addition to this alleged Russian intervention in Chinese affairs, there is the fact that Outer Mongolia, although nominally still a Chinese province, is actually a Soviet Republic as completely under the control of Russia as Manchuria is under that of Japan. If Japan seriously plans taking any action to enforce her latest declaration, it would be very easy for her to find an excuse to pick a quarrel with Russia.

Whatever may be the significance of the Japanese declaration, it has not conduced to better feelings between Tokyo and Moscow. The Soviet Government has intensified its already feverish war preparations. The Japanese continue to build strategic railways in Manchuria and to accumulate war materials.

VIII

There is a question which must inevitably arise in the minds of all. Is there any possibility of an alliance between Japan and Germany for the attainment of a common objective? Both countries are ambitious to expand territorially at the expense of Russia, both have resigned from the League of Nations in a huff, and both feel ostracized by the rest of the world. A political alliance between the two would seem to be in order. So far, however, there have been no overt evidences of such a development, though many incidents, all trivial enough in themselves, point unmistakably to a mutual desire of both governments to remain on friendly terms with each other. It is very likely that the Japanese Foreign Office is still dubious of the advantages that would accrue from an alliance with a government whose relations with the powers of western Europe are strained; it does not wish to provoke the ill will of France and Great Britain in addition to that of the United States. If, however, Germany could succeed in patching up some sort of political *entente* with France which would give her a free hand to rearm for action against Russia, the world should not be surprised to see her form an alliance with Japan. It is therefore a favorable augury that France, instead of striking such a bargain, continues to insist that the League of Nations shall be the channel through which Germany shall air her grievances. The persistence with which France has been clinging to this policy is expressed very clearly in the French note of March 17 to the British Government: "Whatever may have been said or attempted against the League, it remains the only organization capable of furnishing a collective guarantee of peace. . . . Germany could give no better guarantee of world stability than her return, free of all constraint, to the community of states."

If Russia should join the League and coöperate sincerely with the other powers, it will afford the League what may well prove to be its last chance of recovering from the blows to its prestige suffered through the defection of Germany and Japan, and of making itself strong enough to curb the warlike spirit of these two powers before they unite to precipitate a world crisis.

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Alan

By John Lineaweaver

A Story

The lodge stood on stilts near the summit of the bank facing the lake, and at twilight after supper even on fine evenings pine branches brushed against its walls, making a sweeping noise like that of a dozen new brooms, in the sharpening breeze of oncoming night, while from the lake twenty feet down sounded the lapping of waves against the smooth rock bar which formed the swimming pier.

On this evening there was also a third, less soothing sound: a distant chorus of excited children's voices wafting down from the Recreation Hall and striving comically with the more usual concert of the frogs in their pools under the lodge.

On a cot in the locker room on the second floor Bob Hansen lay watching with ironical eyes while his fellow counsellor and friend, Alan Whitaker, for the second time unknotted and began reknotting a new, lavishly colored necktie; and as he watched he found himself half-consciously trying to pick out individual voices in the Recreation Hall chorus, just as a moment before he had been engaged with that of the frogs. That shrill piping one—corresponding, it occurred to him, to that of the oak toad—was young Penny's; he was almost sure of it. That other, the one full of a deep intimate laughter, suggesting a Negro's, belonged indubitably to the elder Jenkins, brother of the kid who was in his cabin. He could pick out others but of these two he was certain, or almost certain, and for a fleeting second he thought of walking up to the Recreation Hall, where the play which Alan had coached was about to begin, in order to verify his detections. But immediately he thought: what kind of a fool idea is that? . . . Well, he answered himself a moment later, it's damn good practice anyway.

Meanwhile Alan, the joints of his fingers pale from effort, continued to work with the tie. His teeth bit into the side of his full lower lip, his free chin jutting pugnaciously, and he was frowning now, making whitish creases in his otherwise sun-browned forehead. Regarding him impersonally Bob thought for perhaps the thousandth time: he sure is a good-looking devil. You can't get away from *that*.

Then at last it was done. He pulled the ends and leaning forward, eyes intent on the little steel mirror hung on the wall before him, gave the knot a final critical look. After his eyes left it they traveled upward to linger a moment on his face—an action which did not escape Bob's notice, and sensing

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this he straightened at once and crossed to an open army trunk, pasted with labels announcing that its owner had traveled Tourist Third on the French Line and was a student at Princeton, where he fell to rummaging under several books and cartons of cigarettes to bring out at last a pair of gray- and white-checked woolen socks. Sitting down on the bench against the wall, he prepared to draw them on, saying:

"Damn if this primitive life doesn't get you. Even tying a tie and putting on socks gets to be an operation. Matter of fact, I don't believe I've had either on since I went into Northport last Wednesday."

"Oh yes you have," Bob answered from the cot.

"Had I? When?"

"Outdoor chapel, Sunday."

"That's right. I had. I took them off right after lunch, though."

"Of course I wouldn't remember the finer points," Bob said, "but one thing I'm sure of—Camp Skyles hasn't bothered your tie-tying any. You never could tie a tie decently. In the original well-dressed man that's always struck me as odd, sort of."

"We temperamental people," Alan replied, reaching under the bench for his shoes. "You've got to make allowances for us."

As he drew the first shoe on the distant chorus suddenly ceased, to be replaced almost instantly by a tumult of hand-clapping, whistling and stamping, and shortly thereafter by comparative quiet.

"My little darlings are evidently about to get under way," Alan commented. "How can I bear to be away from them? I ask you, Hansen, how can I?"

"As a matter of fact," Bob said, "I should think you'd want to be there. Strange as it may seem, you've hurt some of those kids' feelings. Starting them off in a whirl of enthusiasm like that, they don't understand it."

"If you don't look out," Alan answered, "you'll have me feeling bad."

"Oh go to hell," Bob said.

For answer Alan laughed. He slipped his belt through the final strap and pulled it tight—a bit too tight for comfort, Bob would have thought—and stood up. "There," he said. "Now for my cloak. . . . What the hell? I could have sworn I took it out of the locker. . . . Oh," as his glance fell on the coat, flung over the end of the bench.

While he got into it Bob regarded him silently. He said suddenly:

"One thing you can't complain about's that tan you got up here. Much as I hate to tell you, it's very becoming. A great improvement."

Alan bowed. "Granting that improvement was possible, of course."

Bob regarded him expressionlessly. "The awful thing is, you really mean that," he said.

"Of course I do," Alan answered. "I'm the handsomest thing in this neck of the woods."

"And you mean that too."

"But naturally, sir. It's true, isn't it?"

"Probably it is."

"Then why not say so?"

"No reason, I guess—except of course that nobody would but you."

Alan smiled amusedly. "I suppose you're right."

"Well, try it on Esther," Bob said. "It ought to go over big with her. You might tell her it's just an old goy custom."

Alan's fingers paused in the process of buttoning the coat, then went on, while his smile broadened. "You

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know," he said, "I'll never get over giving thanks I know you, Hansen. You're a positive education—all the mass reactions. Why, talking to you's as good as reading a tabloid!"

"Seems to me we've had that before."

"Well, you see, it never ceases to be a miracle to me. Why, my boy, you're *perfect*. A specimen, no less. You ought to do radio scripts."

"Oh go to hell."

"Precisely the answer anticipated."

Bob raised himself on an elbow and met Alan's gaze straight on. They continued thus for several seconds, Alan smiling the superior smile, and in spite of himself Bob felt the old familiar surge of irritation. They had known each other for five years—four spent in the same house at Lawrenceville and one in a boarding house on Bank Street in Princeton—and still he let himself get ruffled. He turned, punched the pillow behind him, and let himself fall heavily back again. He was large and the ancient cot creaked menacingly.

Alan crossed to the locker and lifted his hat from the hook. He slammed the locker door closed and settled the hat on his head. "Well," he said, looking about him, "I guess that does it. We'll continue this enlightening discussion later when I'll prove to you how dumb you are."

"That will be swell," Bob answered.

"It will be something for you to look forward to."

At the door he turned. "Don't forget to kiss my kiddies good-night for me," he said, and went whistling on down the stairs.

For several minutes after he had gone Bob lay motionless. From the Recreation Hall sounded an uproar of laughter and he thought how, a few weeks ago, Alan would have been up there rushing about behind the scenes wild with enthusiasm, getting the same sort of kick, in some obscure way, that he was going to get out of this evening before him—and both kicks equally false and yet honest. Strange fellow. He turned his eyes to the ceiling and automatically began scratching his chest. He hoped the ape had not forgotten to put oil in the Dodge anyway.

II

Alan let in the clutch and with something less than the usual sputter and fuss the Dodge started down the hill. He steered as usual with one hand, his right arm resting along the back of the seat, grinning in recollection of the station wagon parked clandestinely in the trees behind the kitchen. The station wagon belonged to the camp director's family, who stayed in a cottage a mile or so down the lake, and once or twice each week it visited the camp after nightfall to stock up with provisions. Good old graft, he thought. The great American sport.

As he came out on the road and entered the gully, pitch-dark between high weed-grown banks, he felt the damp vault-like air separate the hairs on the back of his neck and he stepped on the gas and shot bumping ahead. During the day, passing through this stretch made him think of entering Broadway movie houses on August afternoons, but at night there was something sinister about it and he always experienced an absurd feeling of relief as he put it behind him.

Leaving the road for the highway, he slowed down again, going slower and slower until the car was merely creeping along. It was going to be a splendid night, he saw. Overhead a pale moon was already showing in the smoke-col-

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ored sky and there was an invigorating snap in the air, just enough. He wondered what time it was. She had said any time after nine and he doubted whether it was now much later than eight-thirty, for the play had been scheduled for eight and had been running, he calculated, not longer than half an hour. Then he thought of the conversation with Bob. Good old Bob. He was really fond of him, he supposed, tiresome as he could be at times—"dumb but faithful." And Bob, he felt sure, was fond of him in his mildly disapproving way. He smiled tolerantly to himself. No doubt many people wondered what he saw in Bob, but he'd never believed in knowing persons of one type only. . . . And he began to go over in his mind the variety of types with which he had at one time or another been intimate.

After a while his thoughts turned to the evening before him. Esther had issued the invitation only the Tuesday before. He had asked her to the Saturday night public dance at Belmont Mills, the single spot about the lake where Jews were welcome. He had been a bit hesitant, uncertain as to how she might take it. But either she had not considered that angle or she was a talented actress, for she had simply answered equably that she would love to go but that her father was coming up from New York for the week-end with friends and her mother had invited some people in for the evening—not a formal party by any means, but she would have to be there. They would be glad to have him, Alan, also, however, if he cared to come. She had given the invitation quite casually, just as if he were another Jew and wouldn't be the only Gentile there—as of course he would be, for the other summer residents were growing increasingly resentful of the thriving Jewish colony and made a point of having nothing to do with it. And this had pleased him; proved, if proof were necessary, that he actually was broad and without bourgeois prejudices. . . . No doubt, however, she was being rather nervous about the success of the evening. How, indeed, could she help it? And he resolved once more that he would set about putting her at ease immediately.

She was a good sort really, he thought, quite intelligent—and not at all bad-looking either, if you were without bias and could see beauty in the physical characteristics of another race: something he was glad to know he had never had any difficulty in doing. Which reminded him of Bob's almost violent reaction when, several years ago, he had raved for days about a Negress he had met on a party he had managed to join in a Harlem speakeasy. He chuckled aloud in recollection. She had been damn good-looking too, for a Negress; could have passed for Spanish anywhere.

But to get back to Esther, she was really a bit of all right. He liked her. Yes, honestly liked her: he'd admit it to any one. And what a kick (though I says it, he thought, as maybe shouldn't) she must be getting out of all this attention from him. Possibly, living all her life in New York, as she had, and getting away only to places like this, she had never before known a Gentile so well. He only hoped she would not become too serious about him—though, as a matter of fact, why shouldn't she? And, for that matter, why shouldn't he? This wasn't the Seventeenth Century, after all, or Nazi Germany.

For several miles he played with that idea, examining it from every liberal

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side, and then his mind turned back to the first time he had seen her—sitting alone on the miniature dock in front of her cottage dangling her straight smooth legs, copper-colored in contrast with the white of her swimming suit, in the water and letting her almost breathtakingly abundant black hair dry glistening in the sun. What a body! he'd thought, and on the impulse had rested his oars and spoken to her: "Hello." "Hello," she'd answered. And then they both had laughed and he had headed the boat in toward the pier. Fifteen minutes later they had been deep in an argument about Ernest Hemingway and an hour after that, as she had prepared to go in, he had made a tentative swimming date for the following morning—which she had kept so that he had made another and then another; and now he was going to her home.

The thing he kept remembering, however, was a little incident that had taken place the third time he had seen her. They had been sunning themselves on the pier when a child belonging somewhere in the Jewish colony had passed in a canoe and called to Esther. She had laughed as the canoe passed out of hearing and said: "What a terrible voice! But of course it's mean to laugh, since there's nothing she'll ever be able to do about it: it's simply racial." It was the one reference which had so far been made between them to The Question and he had been wishing ever since that he had seized the opportunity to make his position clear. Since then he had been on the alert for other openings but she had never given him one and he supposed he would soon have to take the bull by the horns and make one himself. "By the way, is there anywhere around where I could get some unleavened bread? One of my friends at school gave me some last winter, during your New Year—was it?—and I've been wanting more ever since."—Something like that, only polished up a bit of course. It wouldn't matter that the Jewish school friend would have to be purely imaginary. . . . As a matter of fact, however, it ought to be unnecessary for him to have to say anything. His behavior toward her must have told her by now, and his acceptance of the present invitation especially. Why, there wasn't another Gentile on the lake who would have been caught dead at a party given in the Jewish colony! . . . But perhaps that was it! Perhaps she had asked him as a sort of final test. Now that that had occurred to him he was almost sure of it. He felt a sudden thrill of anticipation. Well if it was, he'd show her. "Who is that charming boy, Esther, and tell me, is he Jewish? He doesn't *look* Jewish. . . ."

Suddenly the Dodge began to rattle and he reached down quickly and changed gears, seeing that he was starting up Pine Mountain. Not much longer for the old boat, he thought. Probably Bob would agree to leave it here when they went back. Then the lake appeared again, a vast dark mass which shortly would be shimmering in the light of a three-quarters full moon, and along the edge of the lake, just below him, there now shone a little cluster of lights—Stratford Landing, one of the finest situations on the lake. Trust the Jews every time, he thought, and fed more gas.

Seven minutes later he was entering the wooded driveway which led to Esther's house and shortly thereafter he saw Esther herself, standing on the porch with a man. She looked down as he appeared on the circle and waved to him, motioning him to go on around

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and park at the side of the house in a space where, he observed now, stood other cars of various expensive makes. He was surprised at how eager he was to have the evening begin.

III

She came halfway down the steps to meet him. She was wearing a simply made, close-fitting gown of some peculiar shade of red and her hair was arranged in two tight glistening coils which covered her ears and formed a kind of exotic cap. Waiting in the pool of light from the doorway above she achieved an effect that was almost dramatic.

As he approached she smiled her slow smile—smiling more with her eyes than with her lips, like an Oriental—and said:

"So here you are. I've been on the look-out for you."

"Not late, am I?" he asked in pretended anxiety.

She dismissed the question with a toss of the head. "Of course not. There wasn't any special hour."

He stopped below her, smiling into her eyes and thinking again, or rather continuing to think, how beautiful she was—really beautiful.

An instant later he was telling her so. "You know, you're looking very elegant tonight."

She bobbed her head in mock gratitude. "Thank you. The dress is mother's contribution, if that's what you mean. I wasn't at all sure about this particular red but I seem to be getting away with it."

"You're doing a bit better than that," he answered.

For a moment, surprisingly, the smile vanished and she regarded him oddly. Then she laughed and said, turning away:

"Come along. I'm a working girl tonight, you know—just took a little time out for a cigarette."

"But you just now told me you were watching for me!"

"Well, I was doing that too. Now come along. Don't argue."

He reached for her hand but she had already started back up the steps. There was nothing to do but follow. But as he dropped his hand to his side he grinned significantly. Just you wait, young woman, he said silently—just you wait. For in the past few minutes he had reached a decision.

They crossed the porch to the open door just inside of which a colored butler was standing. So they kept a butler. For some reason he was amused. She walked into the dimly lit hall and he trailed after her, glancing surreptitiously about him. There was disappointingly little to see: against the farther wall a small early American table holding a bowl of roses, above it a mirror, and on the nearer wall an oil painting, a landscape, in no way spectacular but obviously good.

When they arrived at a second doorway, from which came the sound of voices, she paused and said:

"Nearly every one's already here. Do you want me to take you the rounds or introduce you to a few and let you circulate?"

Alan hesitated an instant. Which would she prefer that he did? Perhaps there were some people present whom she would rather he didn't meet. "The few by all means," he said. "I'm really a swell circulator. Don't make me feel like a visiting duke."

She looked at him and he felt himself flush. What a stupid thing to have said! But she only remarked: "Whichever you please," and moved on.

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He found himself entering a large room, rather too brilliantly lighted, full of cretonne-covered furniture, flowers and people. She led him at once to a group standing nearest the door. He had time to notice a tiny, almost dwarf-sized woman with astonishing lemon-colored hair, around whom the group seemed to be formed, before the introductions began. "This is Mr. Whitaker, all of you. Alan, this is"—and the names came crashing into his ears. "Miss Hotzman, Mrs. Baumann, Miss Zweisig, Mr. Sondheim, Mr. Goetz. . . ."

Every one bowed and the two young men shook hands with him. The little bleached woman who had been speaking when they came up nodded briefly and went on. "To me," she was saying, "he suggests unlimited talent, really in the strictest sense genius. The most promising alive, I think—though I grant you this last book *is* disappointing after the others."

"Some one told me he doesn't think so well of *The Orators* himself any longer," one of the other women put in. "Was that you, Sam?"

"Not I," Sam said.

"Well, it was some one; or perhaps I read it somewhere."

"I'm not surprised," Dwarf-size remarked. "But he'll like it again later. Somebody said of it that it's a book poets twenty years from now will be reading. I agree with that estimate perfectly."

The young man beside him explained: "We've been talking about W. H. Auden, the young English poet."

"Oh, yes," Alan nodded, wondering who Auden was. Some Jew writer, he supposed. No telling by names nowadays. Must look him up sometime. He turned toward Esther as she was taken in tow by a cruising middle-aged pair. He wondered whether he was expected to join them. But doubtless she would return in a moment. He became conscious that Dwarf-size was staring at him. When he faced round, meeting her gaze, she said:

"Been here all season, Mr. Whitaker, or did you come up with Sol?"

Sol! That must be her father's name. Good God, he thought. And then: Well, after all, why not? He smiled and said:

"I've been here since June. I'm one of the governesses over at Camp Skyles, you know."

She did not notice his joke. Not, he admitted, that it was so awfully funny. "Camp Skyles?" she said. "Is that somewhere around here?"

He felt his smile stiffen. "It's a boys' camp run by a master from my former school, Lawrenceville, over near Northport." He stressed Lawrenceville and was rewarded by feeling the whole group's attention rivet upon him. He guessed *that* would hold her.

But whether it would or not he had no chance to discover, for the moment was summarily shattered by the sudden approach of a large waddling bald man, flat-footed and absurdly hook-nosed—a veritable caricature—whose name, from the cries of greeting which instantly went up, appeared to be Julius. "Hello, Julius"—" 'Evening, Julius"—"How's the boy, Julius"—"Haven't seen you since the *Morning In May* opening, Julius"—this last from the young man, Sam Sondheim, who had first spoken to Alan. No one bothered to present him and Julius said:

"That *was* a show. I had six seats for that opening and it hurts me to say they cost me twelve bucks per. It was worth it, though—if any show is."

"Oh, do you think so?" Dwarf-size

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said. "I was disappointed. Anna's settings were nice, though."

"For myself, I had a better time at the Ritz afterward," one of the other women said. "Julius here did it up brown, you know, and afterward we went on to Michener's. It was one swell party—and I'd say it even if you weren't here, Julius."

"I'll bet it was," the second young man said.

This was more like it, Alan thought. This was the sort of thing he had expected. He set himself to listening carefully, but just then Sondheim said something about Untermeyer and the conversation veered off to Germany.

And then suddenly Esther was beside him again. "I want you to meet mother," she said, nodding vaguely behind him. "She's sitting alone over there on the divan."

"That's fine," Alan answered. "I've been wanting to meet your family."

"Well, come ahead," Esther said. "Or could you do with a drink first? There's some sort of punch I haven't tasted and champagne."

"Sounds grand," Alan said, "but I'll wait until after I've met your mother."

"Just as you say."

She led him across the room, threading a way through various groups, to bring up at last before a massive divan upon which in solitary splendor a plump white-haired woman with dark, intensely living eyes and a dry cracked skin the color of leather was seated. She had observed their approach when they were still some distance away and when they stopped before her she put out her hand without waiting for Esther to speak. "So this is Mr. Whitaker, is it?" she said as Alan pressed it, and with her free hand indicated a place beside her. "Do sit down, if you can spare a moment for an ugly old woman who no longer even tries to keep up. You too, Esther. I've been watching you and you haven't once sat down all evening."

They took their places to left and right of her, Alan thinking amusedly that Esther and he must be resembling an engaged pair—family group. She continued:

"I've just been lazing here. There was a day when I was as energetic as Esther, but now I'm content to sit quiet and look on. My guests must come to me and if they can't amuse themselves with what's before them—well they may blame me, if they like."

Alan smiled his most charming smile. "I think it's much nicer that way," he said. "Every one has a better time." He considered mentioning those professional hostesses who had made such nuisances of themselves at débutante parties a few years back. But before he could decide whether the allusion would be tactful or not Esther said:

"Oh, dear. There's Sam paging me again." She rose. "I'll be back just as soon as I find what he wants."

Mrs. Goldman and Alan were silent, watching her progress across the room. Again Alan thought: how lovely she is! He said:

"I want to tell you how nice I think it was of you to let me come, Mrs. Goldman."

She laughed lightly. "I'm awfully glad you did come, though of course it's Esther's party really. My idea, that is, but Esther's application. I thought it would be pleasant for Mr. Goldman and now this evening he isn't feeling any too well and hasn't come down."

"I'm so sorry," Alan said. "I had looked forward to meeting Esther's father." He wondered why Esther had not mentioned to him that her father

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was ill. It occurred to him that Esther had really talked very little about herself and her affairs during their several meetings.

Mrs. Goldman regarded him speculatively for a moment, then said:

"Well, there will be other opportunities, of course. You must come to see us—less formally, shall I say?—sometime soon again."

He smiled. "You will probably be seeing more of me than you care to," he said. "I've grown most awfully fond of Esther the short time I've known her. We've had some marvelous talks."

"Esther's a splendid girl," Mrs. Goldman remarked.

"She is," he agreed.

"And a splendid daughter," Mrs. Goldman added. "That's not quite so usual as it once was, I realize, and I flatter myself that I am wise enough to value her."

Alan nodded soberly, suppressing a chuckle. This was coming just a little too close to suggesting Alert Mother and Eligible Young Man.

"Yes, a splendid girl," Mrs. Goldman went on. "We're going to miss her terribly, her father and I. But Sam is a splendid boy also. We've known him all his life. His mother and I are friends. Esther and he played together as children. . . . So it's not as if we are actually losing her."

For a moment Alan sat rigid. His ears had recorded each word of Mrs. Goldman's speech and after she had finished he experienced a curious sensation, as if it were being played back to him. He felt nothing. It was as if he were standing outside himself, looking on. . . . And then suddenly he was angry, deeply, crazily angry. Why, the goddam kike, the damn dirty kike. . . . He began to realize that Mrs. Goldman was staring at him, that he was flushing, that his face must be telling her everything.

And then he looked up and saw that Esther and Sondheim were coming toward them and he felt himself go cold, waiting for them. They were standing above him. He raised his eyes and saw Esther more clearly than he had ever seen her before, as though the rest of the room were in darkness and a white light was playing upon her.

He stood up, facing her. "Your mother and I have been getting on famously," he heard himself say. "Just one more reason to make me sorry I made the date I unfortunately did make to dance tonight over at the Rock Lake Inn." That for you, his tone said—the Rock Lake Inn, you kikes and your filthy ghetto! And he saw that he had made himself understood.

He bent down and shook hands with Mrs. Goldman. He smiled at Sondheim and Esther. Then he turned on his heel and left them, trying to remember how Esther had looked, whether she had said anything. . . .

Once outside the house he ran for the Dodge; jumped in; banged shut the door. Deliberately he backed on to the lawn and into a large flowering shrub of some sort, hearing the crunch of twigs with pleasure. Then he pressed down on the gas and the Dodge leaped ahead, narrowly missing a second bush as he swung into the drive. The sight of his cold eyes in the mirror pleased him.

IV

It had been a long, noisy evening but within the last half hour the kids had been quieting down and Bob was beginning to think of turning in. He closed the book, a treatise on the herpetology of southern New England, stretched yawning, slid back his chair and was

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about to rise when footsteps sounded on the porch outside.

He turned as the screen door opened and shut, finding himself staring at Alan.

"Well, well," he said after a moment. "What's the meaning of this? They didn't throw you out, did they?"

Alan grinned and came on into the room. He walked to the cupboard and pulling open the doors, said casually:

"Sure. How did you know? I got caught trying to kiss the butler."

Very deliberately he took down a tin and began working his fingers around under the lid. "As a matter of fact," he said, "it was a very amusing evening. Even you would have appreciated some of it."

"Thanks," Bob said, and waited.

And finally it came. "The fact is . . . You're going to have a hard time getting it; I've had myself . . . I kept thinking about the show back here. Couldn't get it out of my mind. I must be getting foolish or something . . . How did the thing go anyhow?"

For perhaps forty seconds Bob simply looked at him. Thoughtfully he lifted the glasses from his ears and thoughtfully polished them on a tail of his shirt. Then he looked up again, bringing Alan's reddening face into focus.

Well, he thought finally, he believes it himself anyhow—now. He said:

"You needn't have worried. They say it went off perfectly."

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The Nazis Meet Some Obstacles

By George Gerhard

The carefree theorists of earlier years discover that financial problems refuse, after all, to be waved aside

There was a time when the Nazi sky hung full of promises. That was the time when Hitler registered the largest gains in his membership drive; when the swastika banner emerged from the *Bierkellers* of Munich first to confound and then to sweep the whole nation. Promises and slogans are as a rule the backbone of any political campaign, and as such one is wise not to take them with the tablespoon of unlimited confidence but with the teaspoon of critical doubt. Many of course predicted that Hitler, back in 1931, would soon find out the difference between carefree political campaigning, where theory can fly as freely as the swallow over the fields and forests, and the hard, practical and tremendously troublesome business of politics, once he was in power. The discovery, they said, might shortly be followed by his downfall.

To be sure, he still is in the saddle —and may be there for a long time yet. But the Nazi sky has lowered its clouds. In several fundamental ways the campaign pledges have not been realized. Take the "tyranny of interest" which was to be abolished. Instead, the war against the bankers has been called off. Then there is the back-to-the-land movement which can succeed only if the big landed estates are divided among the millions of unemployed, as was promised in former years. But though some of the higher voices have come out time and again with the insistent demand that the land-owners must make place for the mute and miserable, the Government itself has done nothing to divide the estates—with the result that the Junkers are still holding the heritage of their forefathers. Obviously, they are still powerful behind the scenes, as they were 300 years ago, and know how to prevent the division of valuable properties. It may be taken for granted that the Junkers also know just how much the Government has to rely on their wealth and generosity to swell the party fund, the armament fund, the propaganda fund and various other funds.

Another important item in the Nazi leaflet of campaign promises was the planned overthrow of big business in favor of the small man. However (and luckily for the Government), German heavy industry in and around the Rhineland seems more securely placed now than at any other time since the days of Versailles. Not only is there no talk of the abolition of big business, but

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the present boom—for which armaments are said to be very largely responsible—should make for a bigger, better and bolder "big business."

II

These are a few of the flaws in the realization of campaign pledges. Many more could be added, the cry for absolute and outright self-dependence, the cry for the return of the minorities, cancelation of the Versailles Treaty, the colonies and the like. Little is heard about these demands which, when first proclaimed by Hitler and his lieutenants, made the world shudder at the mere thought of a Nazi Government at any future time. Is it that the German Fascists were not serious?

It is this writer's opinion that the Nazis were never more serious. The core of their success story probably lies in their tremendous faith in themselves. At any rate, it was apparent that any one who promised so drastic a change as the resurrection of the German nation had to start from very unconventional premises. And they did. The War left Germany in chains, political and especially economic. The Nazis promised freedom on both counts. But foreign nations controlled (or held down) the development and return to more normal conditions. So the Nazis launched the theory of the Teutonic race, upon which to build and preach the ideal of "autarchy," that is, absolute self-sufficiency in every respect. On this basis they could simply ignore the Treaty of Versailles, could withdraw from the League of Nations, could arm to their hearts' content and could behave as if there were no other nations around.

In this they have erred seriously. And while the Nazis may be willing to go through the terrors of armed conflict to prove this fundamental Nazi theory, and while they are to all appearances arming for just such a purpose (though they swear to the contrary)—the signs are that their effort can not succeed. Politically the chances are all against it: first, because Germany is the geographical center of Europe, and to create an island of primary racial purity, one would have to disprove the lessons of 5,000 years of history; second, because the Nazis themselves have of late been busy making trade treaties with most of their smaller neighbors, such as Switzerland, Poland, Yugoslavia, Denmark, Finland, Czechoslovakia, Hungary, Rumania; third, because the structure of the country is unsuited, and has always been, to the principle of autarchy.

Germany is the manufacturing country "*par excellence*." A large part of German industry has been built, and could have been built, only on the strength of sales possibilities abroad. Cut off the foreign outlets and you undermine the most important sectors of the industry. Looking at it from the other side, the markets of the world furnish Germany with raw materials without which the wheels of industry would come to a sudden stop. The fundamental economic problem of Germany, then, is to provide work for millions of people by keeping the industrial machinery well oiled with orders, and, furthermore, to provide the funds with which to finance the purchase of raw materials—and this fundamental problem has nothing whatever to do with the sort of régime that steers the Ship of State, be it Nazi or Communist, Monarchist or Republican.

In spite of all the Nazi efforts throughout the past year to make the

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country self-dependent, they could not change the fact that, with a total value of production amounting to approximately forty billion marks, the raw materials thus manufactured, domestic or foreign, ran to fifteen per cent, or about six billion marks, of which nearly fifty per cent came from abroad. The statement does not seem exaggerated that no country which is predominantly industrial and which depends for almost half of its raw material needs upon foreign countries can ever hope to attain economic self-sufficiency. One may well go a step further and say that, aside from the very dependence upon the world for raw materials, the changes of world market prices must exert a definite influence upon the German economy. If copper jumps from twenty-eight pounds six in December, 1932, to over thirty-three pounds at the time I am writing, or cotton from 7.2 cents to over fourteen cents (quoted at Bremen), or rubber from 2.4 pence a pound to around six pence, it can be imagined how difficult it is for Germany to pay prices twice as high as they were eighteen months ago when the task of providing funds for raw material purchases proved already a trying one. The difficulties are aggravated when, as in this case, the higher prices affect such primary materials as rubber, cotton and copper which are absolutely indispensable—particularly when a powerful industrial nation decides to produce armaments.

III

A definite solution of the clash between the purely Teutonized Nazi theories and grim *political* realities may be postponed (till the next war). But there is evidence that the Nazis have arrived at the crossroads regarding the solution of this clash on *economic* grounds. In a style all their own, they have tried to cut the Gordian knot of raw material problems by simply restricting imports. The latest decree issued in the first days of May stipulates that the allotments of foreign exchange to German importers for that month are further cut, to twenty-five per cent of their original requirements, which compares with thirty-five per cent for April, and with forty-five per cent for March. It will be seen from the above that Germany can not take such a step without serious repercussions at home. Her industrial production is bound to suffer and, with it, employment. If radical import restrictions were decided upon, nevertheless, it could be for only one reason: that there were no funds with which to pay for imports above twenty-five per cent of original requirements. The economic problem thus narrows down to financial considerations.

The wealth of the country consists principally of resources which can not be liquidated into readily available funds, resources such as forests and agricultural land, mines and buildings, machinery and highways and furnishings. The wealth abroad may be figured as one liquid asset, and the gold stock as another. The wealth abroad is estimated at various billions of marks; most of it "flew" from Germany, and there is no sure way of getting it back. There remains the gold stock, which in the first three months of the current year has been reduced by RM 145,000,000, as compared with a loss of RM 450,000,000 over the whole of last year. What is worse, the Reichsbank continues to lose gold, so much in fact that the note coverage which, according to the law, should be around thirty-five

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per cent has dropped almost to five per cent. The gold standard in Germany has become a shaky promise. The meaning behind the outflow of gold is that Germany can not earn in exports what she requires for the purchase of imports.

And this in spite of the fact that up to now Germany has been able to sell more goods than she had to buy, and thus to obtain an export surplus. Last year, her exports totaled 4,870,000,000 marks, and imports 4,200,000,000, leaving an export surplus of 670,000,000 marks. Out of this surplus, the Reichsbank is supposed to strengthen its gold reserve, to build up capital, to buy more raw materials in order to sell more finished products to the outside world. Instead of doing all this, she had to add to this surplus, and pay the interest service on her foreign debt; hence the outflow of gold.

The amount required in foreign exchange to meet the full service on foreign debts in 1934 is RM 1,210,000,000. The negotiations between Dr. Schacht and the foreign creditors now going on in Berlin may bring some changes in the manner in which the interest service on the loans is being met. However, they can hardly change the fact that Germany's exports are either too small, or the imports too large, to finance both the raw material needs and the foreign debt service.

The Nazi way of meeting the emergency has been to cut imports, which can only be a temporary measure; otherwise the Hitler Government will ruin its own plans of giving employment to every man through full use of industrial capacity. What, then, are the aims that will soon replace the import-restricting policy? The question is simple, and so is the answer: to stimulate exports. The long-cherished plan of autarchy collapses when the Nazis stop to pick up the trend of foreign policy where the Governments of Bruening, Schleicher and von Papen left it. But where Hitler's predecessors were successful to a certain extent in increasing exports, the new régime encounters difficulties. It is now, in the words of Dr. Schacht (and everybody who studies world market conditions will agree with him), three times as difficult to sell in foreign markets as it was four or five years ago.

There is for one thing the depreciation of foreign, that is, non-German currencies, the dollar, the yen, the Czechoslovakian crown and others. One has only to look at their export gains to measure and to appreciate the advantage of currency depreciation. Then there is the anti-German sentiment as expressed through the wide-spread boycott movement. Finally, the rising tide of import restrictions, quota systems and tariffs is a mighty handicap for German goods on the world market. The nationalist trend has affected most countries, and especially the larger ones. Germany feels the effect of the very same measures which she has thought wise to introduce for the German good, for instance, tariff protection for her own farmers, import quotas for the sake of tariff bargaining, extreme nationalism and so on.

IV

What is the Nazi answer to a "world of closed markets"? Formerly it was "autarchy." Now they have thought of another, a wider scheme, a sort of "regional organization," that is, the establishment of treaties with a number of neighboring countries all of which would form, together with Germany, a

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market large enough for the exchange and interchange of all their products; one is reminded of the ancient idea of a Great Germany inherited from Bismarck's times; the development planned is certainly along similar lines. In an attempt to realize this regional arrangement, a dozen or so treaties have been concluded with the nations mentioned above and, on the German side, the plan looks promising enough.

An observer, however, might find that the development is by no means confined to heroic Teutonic efforts. On the contrary, virtually all of these smaller nations have concluded similar pacts with other large states, trying to reap the best possible advantage from all of them. Poland may serve as an instance; she has signed an agreement with Germany which in the Wilhelm Strasse was hailed as a long step in the right direction, that is, the creation of this big Central-European unit of markets, self-dependent in the sense that they would all be brothers and properly divide the spoils. But a few weeks later, Poland signed an agreement with Soviet Russia which, possibly, is even more important than that with Germany, since it guarantees that there will be no alliance against the Soviets. Then, Poland is negotiating with Great Britain; she also let a handsome contract for state railways to the American Westinghouse Company. And let us not forget that M. Barthou, the French Foreign Minister, recently visited Warsaw to strengthen the Franco-Polish ties —which is bound to be followed by some more vigorous exchange of a commercial nature.

This Polish example has been followed by almost every other nation with which Germany signed treaties. Hungary signed one with Italy. Finland certainly does not rely solely on Germany, for she has a reasonably satisfactory agreement with Britain. And so with Czechoslovakia and Rumania, Jugoslavia and Turkey, Greece and Bulgaria and the Baltic States. They all know that in crowded Europe no single state can afford to limit its economic interests to another single power. Not even the Balkan States have found it convenient to adhere to France as they did for decades; certainly, France had done much more for the Balkans in loans, in military concessions, in commercial privileges than Germany could probably ever afford to.

It may therefore be reasonable to assume that the new Nazi policy of what is called "*Raumwirtschaft*," or regional economy, is doomed to failure, for the reason that markets so diluted will be unable to absorb Germany's products. They then will face these unpleasant facts: they must have imports to maintain their industrial strength, to provide work and, last but by no means least, to produce armaments. Only exports can provide the funds in view of the nearly exhausted Reichsbank reserve. These exports must be pushed to the extreme. If *Raumwirtschaft* will not do it, would not currency depreciation help as it has helped the exports of the United States, of Japan, of Great Britain, of France and also of Germany back in 1923? It does not seem likely that depreciation would materially help in this case. The world market is not the same as it was ten years ago. Quotas, tariffs, treaties and the like have offset to a large extent the advantages accruing from a depreciated currency. This is particularly true of Europe where these import restrictions have been piled one on top of another. More important, the cut in the gold value of the Reichsmark

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would have disastrous effects at home; it would step up the prices of import goods so bitterly needed; it would inflate German foreign debts; it would raise the cost of living in Germany. Inflation seems to be out of the picture.

There is, then, only one way left: to obtain foreign credits with which to buy raw materials. There are indications pointing to this possibility. Dr. Schacht has of late become more conciliatory toward the demands of foreign creditors, though it may be but a passing gesture. The world market is in need of such a good customer and purchaser of raw materials as Germany; and in spite of Dr. Schacht's insistence that Germany does not want loans, and in spite of the unwillingness of the world to help Germany with more loans, obtaining foreign credits seems on paper the one way in which Germany would be enabled to maintain raw material imports without putting too much of a burden upon her exports.

Assuming that foreign loans were not forthcoming, the choice of economic solutions to the economic problem seems to be exhausted. Germany would be thrown back on her political resourcefulness, with which the Nazi régime is obviously very well equipped. It would be a question of continuing policies of an economic nature in an uneconomic way, that is, war. It would not be the first time in history that the struggle for economic equilibrium at home was carried into the outer domain of an armed conflict. In this solution there would be at least a remote possibility of Nazi Germany's emerging in a stronger position than that in which she finds herself in a "peaceful" world, with doors closed on all sides.

And that is a thought for others besides Germans to consider.

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The Woman Puzzle and the College Professor

By Mary Day Winn

Women have been a riddle to ages of lesser men, but modern pedagogues have found the answer—in fact, great quantities of answers

It really is time something was done about this persistent key-hole campaign to discover all about women and rob them of their mystery. A few years ago Irvin Cobb coined the phrase, "no more privacy than a goldfish." It ought to be changed to "no more privacy than the American woman."

Of course women as a sex have always been baffling to men. Even those extraordinary men who understood income tax blanks, time tables and the writings of Gertrude Stein have been bewildered when they tried to figure out what women were thinking on any given occasion or what they would do next. Shakespeare and John Erskine and a few other men could find their way around in the feminine mind, but to the great majority of males, Woman was an Enigma.

We can all remember the hopeless amazement of delegates to last year's Montevideo Conference, when American women apparently reversed themselves so suddenly on the question of nationality. In 1930 their insistence had prevented the United States from signing a treaty at the Hague because it did not give them nationality rights equal to those of men. Yet when, in 1933, the smiling Latins offered American women a treaty containing exactly what they had asked for three years previously, the inexplicable creatures spurned it—at first—as if it were an improper proposal. Masculine shoulders in Venezuela, Panama, Brazil and points south were raised expressively, hopelessly, resignedly. *El Buen Dios,* they said, had written women in code form—and lost the key.

Well, men south of the Rio Grande may still feel discouraged, but almost every visit of the postman brings me proof that the North American male is much more hopeful of solving the riddle of the Sphinx. There are, to bring my metaphor up to date, still a few little pieces of the picture puzzle called "Woman" which he has not yet been able to fit together; but give him time and he will do so. He has discovered a new method, and a new and most enthusiastic helper.

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The method is our old friend the questionnaire and the helper is—guess whom!—the college professor. There is no phase of woman's life or thoughts so intimate or so trivial that it has not been the subject, during the last few years, of a questionnaire, most of which have been sent out by, or in collaboration with, members of college faculties. New thrills have come into the lives of countless pedagogues as they have turned from deciphering Etruscan tombstones to finding out what (if anything) makes the modern woman blush, how a subdeb feels about dancing with a fat man, and the relation between blonde locks and salesmanship. In other words, we women are being probed. That, as I see it, is the real news about the questionnaire. In the April number of THE NORTH AMERICAN REVIEW, P. W. Wilson calls the questionnaire a menace because it tends, as he believes, to standardize individual thinking. But I think it is a menace, and I believe most women will agree with me, because it is an attempt to solve the "woman puzzle." For every one questionnaire that you receive, Mr. Wilson, I find at least five in my mail, almost all of them sent by men. Sending questionnaires has become the newest masculine vice, and answering them the latest feminine weakness.

II

I have a neighbor, a typical "homemaker," who has answered so many questionnaires that now the professors know more about her than her own husband. She was one of twelve thousand women who bared their souls recently to investigators from the Psychological Corporation of New York. Among the many facts which this survey revealed was just exactly what wives do with all the time between nine in the morning and five at night. Mrs. John Doe, it seems, reads magazines, newspapers and books for an hour and a half daily; cooks meals and washes dishes for three hours; shops and mends for an hour and a half; dresses and makes up for one hour, and devotes another one and two-thirds hours to "leisure" occupations. Although these leisure occupations are not mentioned in the report, it seems a safe guess that answering questionnaires plays a big part. This picture of how the average woman spends her average day is as innocent as a Mickey Mouse film, and ought to be reassuring to those husbands who have suspected something very different.

Never imagine, though, that the questionnaires sent out by knowledge-hungry men are all as reticent as the one I have described. Far from it; most questionnaires are as free from inhibitions as Huey Long. They ask everything about everything. Observe this one which found its way to my desk: it is from Colgate University, and is on the already mentioned subject of blushing. Colgate wants to know why I blush, under what circumstances I blush, and whether the aforesaid blush is a hot, face-crimsoning affair, or just a maidenly, apple-blossom tint. After reading the list of situations under which I am evidently expected to blush (but do not), I can not decide whether we moderns of the weaker sex are all shameless hussies, or the professor who drew up this questionnaire was simply a throw-back to the days of Elsie Dinsmore. It will probably be quite a shock to him to learn that I do not blush, even very faintly, "when introduced to men or boys"; nor does my face become red "when telling a slight falsehood." But though these admissions seem brazen enough, what

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—oh what—will Colgate University think when it finds out that not even "thinking about things" can crimson my cheek?

But let's not linger over the blushes any longer; there is bigger news ahead. Our next sightseeing trip into the feminine heart was personally conducted by the Chicago "Committee of Fifteen." This group wanted to find out what kind of women seek husbands through matrimonial bureaus and why they do so—all things considered. I hasten to say that I was not one of the guinea pigs in this particular investigation. I have, however, got hold of a copy of the Committee's report; it pulls a few more veils from the souls of us women.

It exposes the fact that 100,000 women, registered in over a hundred matrimonial bureaus, are willing, even eager, to pin little white bows on their lapels and go to trysts with utter strangers—"object, matrimony." The great majority of these lonely hearts have brown hair and blue eyes. In that revelation we have a real ethnological problem, one which ought to provide follow-up work for some university for quite a while. Why are there, comparatively speaking, so few blondes among the hundred thousand? What is there, deep in the sub-conscious of Herr Hitler's blonde Aryan, which makes her distrust matrimonial bureaus? (Or perhaps feel that she can get along without them? See Anita Loos.)

III

Though this problem of the blondes and the bureaus remains to be tackled, the facts that men really have found out about women via the questionnaire method do add up impressively. Here is a contribution from Long Island University. This centre of learning has been seeking an answer to that important problem: what color scheme, in eyes and hair, is most likely to bring a woman success in business and in the more respectable of the arts and professions? (The qualifying adverb is mine.)

The obvious place to dig for such information is in *Who's Who*, and that is exactly where Professor William M. Marston, of the university's Department of Psychology, has been prospecting. He recently sent a questionnaire to a number of *Who's Who* women, asking the color of their eyes and, confidentially, of their hair. He has not quite completed his investigation, but has generously given me the results as far as he has gone.

I might as well say at once that they are bad news for the brunettes. Among these top-of-the-ladder women, Dr. Marston found a larger percentage of blondes than was to be expected in proportion to the usual number in the population. Blondes, apparently, get there—in business offices as elsewhere. Whether their success is by fair means or foul, this survey does not reveal. In occupations "involving management of other people," brunettes appear to be on the inside track, whereas red-heads "prevail in stage and acting professions." This all sounds a little contradictory, but perhaps the professor will make it clear when he has carried his researches a bit farther.

But let us leave him at his pleasant occupation and see what Dr. Harry Kitson, of Teachers College, Columbia University, has been doing to solve the woman puzzle. Nothing less ambitious than finding out whether the business and professional woman is happy in her career, or whether she does not sometimes wish, in the middle of the night, that she had married that home-town

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boy who asked her, since his prospects seem to have turned out better than was originally expected.

The method which Dr. Kitson used to discover how well self-supporting women like their jobs was to ask a large number of them to imagine that they had suddenly fallen heir to a million dollars. In such a happy circumstance, how would they spend most of their time? Traveling? Shopping? Playing bridge? All right, give this favored occupation a score of 100. Now chew your pencils a while and decide what score you would give, using the same scale, to the way you usually spend most of your time—that is, your job.

Ought we to be surprised that only seventeen per cent of the teachers who were questioned in this particular survey were whole-heartedly enthusiastic about their work? And that only thirty-three per cent of the nurses—whose matrimonial opportunities are notoriously better—felt that they would probably prefer to go on tying up wounds and soothing fevered brows no matter what other opportunities were offered?

IV

Since most of this scouting in the formerly unmapped territory of the feminine heart is being led by college professors, the first women to be explored have naturally been students, faculty and alumnæ. And how it has livened up college life! Imagine coming into class, seeing the room decked with examination blanks, and having an awful presentiment at the pit of one's stomach that a quiz is being sprung on "The Functional View of Education in Contrast to the Utilitarian View." Then imagine picking up the question papers and discovering that all the professor wants are your secret and unsigned views on marriage! Nearly three hundred students of New York University had a thrill like that. From what they confided to him, Professor C. G. Ditmerr learned quite a lot; for instance, that a third of his girl students would favorably consider matrimony while they were still in college, though not nearly as many of the boys approved the idea. Also that nearly three-fourths of the girls were willing to go on working after marriage if by so doing they could hurry things up a bit, and that they looked forward confidently to mothering exactly two and six-tenths children apiece.

Since psychologists realize, however, that student ideas on marriage are based on theory almost completely unhampered by facts, they have not confined their investigations to the campus. A few years ago thousands of women graduates received, with their toast and coffee, questionnaires on subjects far too intimate ever to be discussed with their husbands, but not too intimate for the eager eyes of the New York Bureau of Social Hygiene. And many of the alumnæ obligingly wrote down their answers to these probings and returned them to the senders. It was Salome's Dance of the Seven Veils all over again, except that Herod's throne was occupied by the American Ph.D.

It would seem to the casual observer that there is at least one thing which men already know about women, and about which they need no further enlightenment; that is, why women are so irritating. The average man can list a dozen reasons on almost no provocation. Yet even this has been the subject of a questionnaire. Professor Hulsey Cason, of the University of Rochester, reported the statistics a few years ago to the Ninth International Congress of

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Psychology meeting at New Haven. More than six hundred people of both sexes had been asked to list their pet annoyances, aversions and irritations, telling exactly the degree of each. The results were very unfavorable to us women. Apparently we are much the more annoying of the two sexes, as we drew a higher score from the men than they suffered from us. (Or could it be that the women were kinder and more gallant?)

It must be admitted, though, that the irritants which showed up most prominently in Professor Cason's list were those for which women are likely to be responsible; for example, "arguing," "finding a hair in the food," "crowding in front instead of waiting in line," "talking about one's illnesses," "gushing manner," and "seeing an intoxicated woman." A good deal of light was thrown on the vexing matter of overweight. The average man's irritation when he has to dance with a fat partner was revealed as almost twice that of the average woman's in the same situation. The woman who is afraid of being a wall-flower seems to be more grateful for little things—or rather, for big things.

V

In their delighted safaris into the feminine soul, the Ph.D.s have had two enthusiastic helpers—Government and Big Business. These two have frequently financed the expeditions and even carried the guns and cameras. Asking women questions about themselves and adding up the answers seems to be an important reason for the existence of the Woman's Bureau in Washington, and a very popular sport of the Departments of Commerce and Agriculture. Looking at me with a melancholy eye as it lies on my desk is the report from the Woman's Bureau of a questionnaire which recently probed the hearts of 20,000 business and professional women. It aimed to find out from the women how they had fared since venturing into competition with men, and whether or not the prospect of a penniless old age gives them the jitters. The summary of their answers is too lengthy to discuss here, and not particularly significant. One debonair fact, however, strikes my eye: although more than half of these women had dependents, only two per cent "worried a great deal about their jobs," and less than ten per cent worried about how they would get along when they were too old to work. Was this faith in God? Or simply not enough sex appeal in the financial sections of our newspapers?

Though the Federal Government is curious about the inner workings of the feminine mind, its curiosity is nothing compared to that of the advertising men. Well do these go-getters know that whether or not hundreds of thousands—nay, millions—of dollars do or don't ooze from the pockets of the public into those of their employers may depend upon how accurately the writer of advertising copy understands his woman reader. Will she be more likely to remember the name of his tomato juice if a handsome man is pictured drinking it? Or would her favor be more easily won by a straightforward statement of tomato juice's merits, minus the masculine charm? And how should ads be planned to sell those things which, admittedly, men still buy without the help of their wives? Is the picture of a pretty girl the right approach to a big executive who is planning to acquire a steam shovel?

These are weighty problems, and

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questionnaires are sent out about them almost every year, made necessary by the notorious fickleness of the feminine heart. A survey made in 1932 showed that in that year the pulling power of romance fell from ninth to thirteenth place. Nineteen Thirty-Two seems to have been a poor batting year for Cupid, nobody knows just why. Detailed results of this survey must have been awfully disconcerting to the men who saw them. For the survey showed, among other things, that the man reader is twice as much influenced by sex appeal in an ad as is his wife. Also that he lingers more wistfully over pictures of big-muscled, handsome brutes than a woman does over photos of ladies who have kept their youth. Finally, the survey proved that a man is far more likely to read the story about the fellow who surprised all his friends by answering the waiter in French than his wife is to give time to the unhappy maiden who was often a bridesmaid but never a bride.

The few examples mentioned are sufficient to warn women of the danger which threatens them from a sector of the masculine front formerly considered as harmless. No longer can the "absent-minded professor" be thought of as a dear but harmless soul absorbed in his books. Probably he is nothing of the kind. If he isn't supervising the country's economic system, he is, more likely than not, serving as a spy in feminine territory. His very handshake may be part of a laboratory experiment to measure sex appeal, and his comments about the weather may carry heaven knows what hidden implications.

But now that this danger has been pointed out, what will women do about it? Will they go on giving their secrets away as light-heartedly as a congressman voting government moneys? If they do so, and the last piece of the Woman Puzzle falls snugly into place, will men themselves be any happier?

Or will they discover too late that, with the puzzle solved, they have lost their most stimulating occupation?

Before the professors go any farther, maybe there ought to be a questionnaire to settle that question.

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Miss Letitia's Profession

By Lupton A. Wilkinson

A Story

Miss Letitia Mallow's profession and her appearance were utterly incongruous. The only comparable example is the trite one of the hirsute male who chews a black cigar and curses through ginny breath as he edits "Advice to the Lovelorn."

Miss Letitia's mind, this bright afternoon, was not on her source of income. Her thoughts seldom dwelt there, except when she was actually at work. Her professional self was a sort of gold-paying Letitia Hyde to a very delicate Miss Jekyll.

It would be difficult to exaggerate that impression of delicacy as the slight figure bent over a glowing petunia bed. Petunias were a good deal like weeds, Miss Letitia decided, grubbing among the roots with a tiny white hand; next year she would have less of them. The sunny garden looked like a color print of some New England yard: it had variety of color, yet all the lush rows were prim, geometrical, old-fashioned.

Somehow this garden had got itself transplanted, as it were, to Long Island, where it warmed the left lawn of a large, modern, pleasant house.

Miss Letitia's silvery curls, as she bent over the petunias, hung a little forward, to either side of a face of which the skin was white like incredibly thin china. Her gray silk dress, with a skirt that widened at the bottom and ruching at the sleeves, resembled a cut from that old arbiter of fashion—*Godey's Ladies' Book*.

The truth was, since the doctor had talked to her so plainly, Miss Letitia expended decreasing attention on the big house, the coupons that the bank clipped and entered in her pass-book, and the recent newspaper hubbub over the work that remained so easy and took so little out of her. Her garden and her friends, in the new knowledge, seemed more important.

Studies of herself in her rosewood mirror had failed to alarm. The added pallor she had lately acquired caused her, she concluded, to look more and becomingly fragile.

"Feeble," was the word in John the gardener's mind as he approached on a green inner path and coughed. The word would have made Miss Letitia delicately furious; the cough flustered her.

"Why, John," she exclaimed, straightening up, "I thought you had gone downtown." She had given the yard man and both the house servants the afternoon off, so she could putter among the flowers.

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She did look absurdly fragile, standing with garden soil on her hands, as if a housemaid had neglected to tidy one of the parlor ornaments.

"I was just going," said John, shiny with pressed serge, clean shoes, scrubbed face and Sunday hat. "But, ma'am, you won't find a mite o' grass in them petunias. No later than Tuesday morning—"

"I know," Miss Letitia confessed apologetically. "I was only—fiddling."

"The doctor—" began John. He had tended that garden, and the rose arbor on the other side, for ten years, and had privileges.

"I know," Miss Letitia surrendered. "I know."

She stepped past a perennial border, seated herself in a twisted-wood seat under a Japanese maple and watched the gardener depart virtuously among the flowers—out a white gate flanked by a fence supporting honeysuckle.

Over the blossoms John could be seen tilting his hat to a holiday angle.

II

Miss Letitia's choice of her incredible profession had come about in a circuitous way, impinged by the irony life dealt to her brother, Rodney Mallow.

Rodney was Yale '90; he was thin, anaemic-looking, wore spectacles and blinked through them. He lacked the alertness that ambushed behind Miss Letitia's gentle blue eyes.

Rodney piddled at writing six years, but his futility did not matter, for Rodney, Sr., had left his children a moderate income, a chest of silver from England and a cottage in Connecticut.

Miss Letitia saw the panic of 1897 wipe the investments as blank as the paper that reposed so long in her brother's typewriter. Shuddering a little, she took in sewing. She petted Rodney firmly into the ranks of jobseekers. He trod countless literary avenues and bypaths, wandering finally into the building owned by a very large company that published many magazines on rough paper. The editor-in-chief wanted to save five dollars on a salary; Rodney took the job at twenty-five a week. The name of his particular charge was *Hot Clues*.

Miss Letitia sewed in and sewed out. The cottage sprouted a lop-sided mortgage. In 1907 Rodney's salary was raised to thirty dollars; in 1916 to thirty-five.

One day—it must have been about 1920—the editor commuted home in disconsolate mood.

"I'm afraid I'm going to be discharged," he announced gloomily. "*Hot Clues* is losing circulation every month."

Miss Letitia knew at once, with woman's instinct for direct thinking in a crisis, that what he feared must not happen. It must not be permitted to happen.

"What's the matter, dear?" She laid down her sewing.

"It's this true story craze," Rodney explained. "Only a few writers have the knack of it yet, and they're in great demand. I can't buy the product at the rate Doag and Hart permit me to pay authors, and our competitors are just eating us up."

Miss Letitia, mind grappling with this alien problem, recalled a full-page advertisement she had seen in the newspaper, heralding a new magazine.

"You mean," she asked, blushing at the phrase, "*Confessions of Love?*"

"No. No. We use crime material only. Reminiscences of crooks is what we need. But it's the same principle."

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"Why, Rodney!" Miss Letitia was alarmed. "Will you have to—to seek out criminal individuals and persuade them to write their memoirs?"

"Most of them couldn't write a pardon letter to the governor," Rodney deprecated. "Trained hacks invent and write the material and the magazines sign likely names."

"I shouldn't think it would be very difficult," Miss Letitia observed, "if you can just make it up."

There followed a time of secret but keen excitement. The very next day the little woman from the cottage, whom everybody liked, walked down to the railroad station and persuaded the newsstand proprietor to let her have his left-over magazines, the very cheap ones, of which he had only to send back the torn-off covers to secure refund credit. Later, she discovered to her joy that there existed glossaries of criminal slang. When points puzzled her, she wrote sacheted, hand-script letters to prison wardens and chiefs of police, who chuckled and replied. She made all-day trips to New York and browsed in the Public Library.

Miss Letitia read hundreds of thousands of words on tawdry subjects. The words fascinated her; the topics did not distress; these true stories were evidently fairy-tales for adult readers with an odd turn of mind.

She decided to try her hand first at a career of safe-robbing (as she called it then) inspired by a news item detailing a local merchant's misfortune. Quickly she learned that nitroglycerine was soup; that a safe was a pete and the criminal specialist involved was a peterman. Her investigations were drawn far afield. She found that safe-blowers began as punks, or apprentices to hoboes, and here was a whole new language. Dinging for begging. Bugs, jiggers, saps, high heels, splints, dummy gags and throw-me-outs; all devices for faking physical ills and arousing sympathy. She was the first purist to write "yeag" instead of "yegg," tracing the word to the German *jaegar*, a hunter.

All this in the realm of fancy. Her Dr. Jekyll self, the real Miss Letitia, never believed that actual human beings manufactured wounds with lye to draw tears and roast beef from housewives.

"The writing part is simple, just as I thought," she explained at the necessary time to Rodney. "You give the boy a drab background, city or small town, to show that fate was against him. Then you conduct him through a long series of crimes. No connecting thread is needed—no plot. You spice the narrative by relating it in slang and interposing frequent physical conflict. After two or three prison sentences, the hero reforms, and is telling the story of his life to warn others. That's the formula."

Rodney blinked through his spectacles, amazement bordering on horror.

Soon Miss Letitia was supplying the magazine with as many as three true stories in a single issue. She grew accustomed to seeing her work under such signatures as "Mike the Dip" or "Daggers Moran." When, in 1925, gangland stories leaped to popularity, she made the transition easily, becoming the amanuensis of imaginary gunmen, hijackers and narcotic racketeers. Always the research for new vocabulary fascinated her, maintained enthusiasm and nourished facility of pen.

Through the years Miss Letitia's enterprise garnered cumulative results. The circulation of *Hot Clues* returned

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to vigor; Rodney Mallow was permitted to raise the rate of pay from half a cent a word to three-quarters, then munificently to a cent. His own salary increased, by driblets, to fifty dollars a week.

Other editors learned of the diminutive penmaiden to crime. It became advisable to live on Long Island, so they could confer with her readily. In 1927 she received her first cheque at a five-cent rate. Even though she never neglected *Hot Clues* she maintained a three-cent average during the new depression! The Doag and Hart people paid Rodney a hundred a week, to hold his sister.

Early in 1934 success proved embarrassing. A metropolitan newspaper, learning Miss Letitia's story, sent out a pert young woman and a freckled photographer. Details of the Long Island house, from Miss Letitia's curls to the Mallow silver's interlaced monogram, were blazoned in Sunday supplements.

It all seemed a little childish, in view of what the doctor said. The scales told Miss Letitia she was growing smaller; her mirror said paler; more than ever as she grew weaker she seemed fragile, gentle, utterly out of congruity with the springs of the restored Mallow fortunes.

III

Sitting in the twisted-wood seat under the Japanese maple Miss Letitia saw the big Lugano cabriolet of Mrs. Elmore Bacon glide to the porte-cochère of the white house. She liked Mrs. Bacon very much and she stepped a short way across the garden's bright bands. Her voice had always been low, slight; to call out loudly now would be one of those exertions the doctor forbade. The gray dress, though, was easily discernible against the patterned flowers, and Mrs. Bacon traversed the lawn to join her.

They chose a more comfortable seat, in the sun, and fell to talking of the forthcoming charity bazaar.

"I don't think people just ought to give money," Miss Letitia voiced opinion. "They ought to do something. I'm working some *petit point* table covers. They're old-fashioned, but they're rarely seen now and I hope some one will want to buy them."

"I'm sure they will," Mrs. Bacon approved. "You're wonderful, dear. So many activities. . . ." Her mind was busy with the Sunday supplement flare, but she couldn't devise a reasonable way to mention it to such a porcelain figurine.

For the better part of an hour they conned affairs social, religious and charitable in that section of Long Island; then Miss Letitia, animated, walked with her visitor to the big Lugano, watched the blue magnificence roll away, mounted steps and entered her wide, old-type hall. She felt cheered but tired; it seemed a good idea to go upstairs and sleep awhile before dinner.

Foot on the second step, she paused. The big house seemed empty, lonely; she wished she were back in the Connecticut cottage. A positive weariness oppressed her.

Miss Letitia had been reared a good church member and her view of alcohol remained rigorous. Neither the concoctions of Prohibition nor the raw distillations of repeal had sullied her lips. But there was in the house—had been since its building—a residue of fine sherry, imported long ago by Miss Letitia's father.

A mental image bloomed of the pre-Revolutionary, cut-glass decanter,

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warmed by the brown glow of the wine. A small sip of that would be grateful: one could feel, it seemed, too fragile.

The little figure stepped down, as if the past curtsied to the Twentieth Century front door. Miss Letitia walked softly through an opening to her right and across the deep pile of the sitting-room rug. Thus she reached the folding-doors that she had had placed between there and the dining-room, to remind her of Connecticut.

The doors were partly open. Miss Letitia gasped.

A man who had been standing at the sideboard, stowing the Mallow silver silently in two suit-cases, whirled and drew from inside his coat an automatic pistol.

Miss Letitia was startled—out of reality, not into it. The stranger seemed the figment of a familiar dream. She had described him so often: black, partless hair that lay back as if glued; lithe, quick hands; skin a muddy olive; cruel mouth; rattiness gleaming in hot eyes.

A sentence in Miss Letitia's last true story came naturally to mind: "Joe's automatic seemed to leap from nowhere into his hand." Even the name coincided, but the author did not know that.

"Not a sound!" the man ordered, but the rattiness faded, the cruel look softened, as he looked at Miss Letitia. The late afternoon light, lemon pale, more like sunrise than evening, slanted through the dining-room windows. The soft hues of the gray dress and the silvery curls gave a pastel effect, but the small face, very white, more nearly resembled an old cameo.

"Drop that rod, gimmick!" Miss Letitia said. "If you gat me you'll fry in the hot seat."

Gentleman Joe's mouth opened to a round "O"; his nostrils trembled; over his eyes flashed the look of a man convinced of hallucination.

He did exactly what Miss Letitia had told him to; the automatic fell from a nerveless hand.

Miss Letitia picked it up. She regarded it curiously, the first she had ever seen. But how many times she had described it: blunt, stub, blue, ugly.

"Don't hand me any tough luck patter," she warned. "You can't beat this rap."

"G-gawd!" stammered Gentleman Joe. "One of us is nuts."

"Don't crack wise." The gentle voice held its even modulation. "You're no big shot. You've probably been sniffing joy-powder to hop you up for this haul. You're a—an ump-chay!"

Gentleman Joe could stand no more. The gun had become the least of the terrors confronting him. He stared a last moment, incredulous. With a strangled cry he ran headlong across the room, plunged through a French window and sped across the lawn, trampling flowers, as if all the fiends clattered behind him.

Miss Letitia, grieved for the flowers, stood a long minute holding one hand over her heart, which hurt.

She had forgotten about the sherry. She placed the automatic gingerly on the sideboard. Then she returned to the sitting-room, wavering a trifle, and there pressed a button, bringing rose-glow to electric coals. She lowered herself into a comfortable chair before the fire-place and picked up a small hoop, drum-tight with embroidery. Unconsciously her fingers began to work but the needle and thread shook.

Presently she looked up, face white, wistful.

"He took it on the lam," Miss Letitia sighed. "No guts."

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The Opposition Looks for Leaders

By Oliver McKee, Jr.

Republicans, venturing out of their political dug-outs since the air mail affair, begin thinking seriously of 1936

TIME: June, 1936. Place: a Mid-Western city. Guest artists: the mayor of the city, Will Rogers for his wisecracks, press agents and tooters for favorite sons, and orators chosen for their ability to make the eagle scream—not the Blue species—and to hit the key of 100 per cent Americanism. Object: selection of a Republican candidate for President of the United States. Though the actors and their parts have yet to be assigned, the drama, in its scenes and setting is easily envisaged. You can't kill a party that polled 16,000,000 votes in 1932. Almost as certainly as that the sun will set tomorrow, G.O.P. delegates and alternates, a thousand or more men and women, with their retainers, camp-followers, job-hunters, and so on, in less than two years, will troop into their convention city, to pick their candidates and write a platform, sending their salesmen immediately into the field thereafter to persuade the voters of America, through all the arts of political cajolery and ballyhoo, to give Franklin D. Roosevelt and the New Dealers the gate.

The American people choose few but second-rate men for their Presidents, James Bryce tells us in his *American Commonwealth*, and other students of our politics are in substantial agreement with him. Good times and the full dinner pail have carried the G.O.P. to victory more than once since the Civil War under a standard-bearer whom no amount of press-agenting could translate into a Lincoln. Assuming that Franklin D. Roosevelt is the Democratic candidate in 1936, that economic improvement continues, and that a public notoriously fickle in its loyalties does not withdraw the favor which Mr. Roosevelt has enjoyed to so extraordinary a degree, Republicans face a tough job two years hence. A second-rater may have served their purposes in more than one past campaign, but if present signs are read aright, he will not turn the trick in 1936. For leadership is the big problem. We find no commanding figures in the ranks of the G.O.P., no leader, as yet, who stands out as a worthy foeman for Franklin D. Roosevelt in a bid for the votes of Main Street and those of the "plain people."

II

Presidential elections are won and lost on issues of the moment. Candidates must be picked to fit the popular psychology and mood of the hour. It was the vote against the depression that

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sent Herbert C. Hoover back to Palo Alto, and Mr. Roosevelt from 1932 down to the present has cut his cloth to fit the liberalism of the times, directing, in response to a popular demand, the changes in the social order, badly creaking under the impact of the hurricane which descended on the country in 1929. In mid-1934 the trend of popular psychology in 1936 is any man's guess. If the patient has a relapse, if there is no shrinking in the army of the idle, the political pendulum may move farther to the Left. If conditions continue to improve, and if the regimentation and control policies of the New Deal prove irritating enough to create a backfire against its political philosophy, in retrospect the Lexington resolves of 1934, presented to Congress as a protest of the Massachusetts townsfolk against the expansion of Federal bureaucracy and alleged violations of liberty, may prove as significant, historically, as the revolt of the forebears of these same townsmen on the eve of the American Revolution. Again, too, if a reaction against the New Deal develops during the next two years, we have no means of telling exactly where the bed of the main stream of revolt will lie. Focal points of irritation may be taxes, the NRA, the AAA, or the "insolence of office" displayed by the rapidly expanding Federal bureaucracy. The Republican aspirant who strikes the correct popular key, the leader who catches the ear of the people on the issue which at the moment agitates in the public mind, may steal a march on other candidates for the nomination—provided of course his candidacy measures up to geographical specifications. Then, too, something will depend on the extent of the swing back to the Right, if the political cycle moves in that direction. A full swing to the Right will favor the selection of a Republican conservative of the Calvin Coolidge type. If the swing reaches only the half-way mark, nomination of a middle-of-the-road man will be in order —one who does not propose to discard the New Deal, hook, line and sinker.

Republican shock troops have emerged from their dug-outs during the past few months, as the zero hour for the congressional campaigns of 1934 approaches. During Mr. Roosevelt's honeymoon, a few G.O.P. skirmishers occupied the front lines, but the party leaders as a whole acquiesced in most of the requests of the Administration for emergency legislation. The cancelation of the air mail contracts was the signal for raids in force on the enemy lines, and the G.O.P. raiders threw a real scare into the Administration by revealing some weak points in its defenses. Detached observers in Washington see in the cancelation of the air mail contracts, and the spanking administered to Colonel Charles A. Lindbergh, the first major blunder of the Roosevelt Administration, a blunder all the more conspicuous because up to that time, Mr. Roosevelt had been hitting par on practically every hole. Cancelation of the air mail contracts, and the loss of life among the gallant army flyers gave the Administration anything but a good press, and what is more, from the Republican vantage point, it created in the public mind the impression that after all Mr. Roosevelt was not infallible, and that because of this striking so high-handedly against commercial aviation other industries had good reason to fear the New Deal controls.

The Brain Trust inquiry by the Bulwinkle committee, following the charges of Dr. William A. Wirt, the Hoosier schoolmaster, gave the G.O.P.

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another opening. The inquiry itself was a fiasco, an opera bouffe performance that gave the capital some of its best laughs of the year. Behind the façade of burlesque, the investigation had a real significance, in disclosing for the first time that a popular mistrust existed as to the purposes and final objectives of the Administration and its Brain Trust. A counter attack sent the New Deal's heaviest artillery into action, to assure the public that the changes taking place in the social order are merely the normal process of evolution, not revolution. But no final answer has been given to the questions implied in the Wirt inquiry, and during the late spring the Republicans have become bolder, striking at the Roosevelt policies over a wide front. In brief, as we enter the summer of 1934, Mr. Roosevelt and his policies face a real challenge. How serious that challenge is, only time can tell.

III

Though no one speaks as yet with the accent of ecumenical authority for the 16,000,000 Republicans who voted for Herbert C. Hoover in November, 1932, this is not because the Republican opposition has been silent. Far from it. There are many voices in its chorus, pitched in varying keys. Republican governors are almost as scarce as hen's teeth, and in House and Senate the G.O.P. is represented by only a fraction of its former strength. Yet many Republicans even now are known to have their eye on the 1936 Presidential nomination. On the list are at least half-a-dozen who measure up, in political ability and administrative experience, with the average of the men nominated for the Presidency during the past half century by either party.

Let us turn for a moment to those Republicans who during the party's exile in the wilderness, have essayed the rôle of guide and mentor. The list logically begins with Ogden Mills of New York, Hoover's Secretary of the Treasury, a man whose abilities even the Frankfurter Brain Trust boys from the Harvard Law School will concede. An aggressive fighter, able executive, a demon for work, Mr. Mills, both in the House, where he was a member of the Ways and Means Committee, and in the Treasury, proved himself one of the most capable public servants of our day. He was the number one assistant in Hoover's fight against the disintegrating forces of the depression, and contributed much to the strategy of that campaign. Since the inauguration of Franklin D. Roosevelt, Mills has been one of the most outspoken of his critics, laying down his heaviest fires on the Roosevelt monetary policies. If sound money is the big issue two years hence, Mills, as the man who has most pointedly challenged the Roosevelt monetary policies, will have strong support for the Presidential nomination. But hard-boiled political realists will see two obstacles to his nomination, either of which alone would probably be formidable enough to keep him from it. First, he is too closely identified with the Hoover policies—many regard him as the heir-apparent of the Hooverites—to make him acceptable to the large number of Republicans who are insisting on a complete new deal for the G.O.P. Second, as a man of vast inherited wealth, he is too close to big business and finance to satisfy those who want a standard-bearer without a Wall Street tag. For the "money power" is still anathema to Main Street, and Republican chiefs, in picking their standard-bearer, must bear in mind the popular prejudices of the

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hour. These are big handicaps which Mills faces, and the realist must reckon with them. Realities of the same kind have more than once in the past stood in the way of the nomination by both major parties of their ablest men.

IV

The Senate offers three possibilities for the Republican Presidential nomination, with one or two others, under certain conditions, conceded an outside chance. The first of the three is Arthur H. Vandenberg of Michigan. Of all those who have figured in the 1936 discussions up to date, the Michigan Senator seems to have the most elements of political availability. He has refrained from making any frontal assault on the New Deal, adroitly placing his bets on both horses. He has tendered enough support to the New Deal to keep himself *persona grata* to its friends, without allying himself with La Follette, Cutting, Johnson and Norris. His status as a regular Republican is unchallenged. Geographically Vandenberg hails from the proper part of the country. It would be better if Ohio had sent him to the Senate, but Michigan is good enough. An easy mixer, with a sense of humor, not the least bit high-hat, invariably cheerful, with a touch of the philosophical in his make-up, Vandenberg has many of the qualities that brought the greatest prize in American politics to McKinley and Harding. If he is the choice of the party, it will mean that Republican leaders do not intend, at least in 1936, to make rejection of the New Deal their big issue. Vandenberg faces one danger. He is too patently an aspirant for the 1936 nomination, whatever it may be worth. The early bird often fails to get the worm. A case in point was Leonard Wood in 1920.

In Charles L. McNary of Oregon, Senate Republicans have a leader who may have strong backing in the next convention. Fulminations against the Roosevelt policies he has been quite content to leave to others; like Vandenberg, he has been sparing in his criticism of the New Deal. McNary seldom makes a speech, and even more rarely does he go after an opponent on the floor, hammer and tongs. He is essentially a coördinator, a smoother, a conciliator. He has the knack of getting along well with both Western progressives and Eastern conservatives. His popularity with the Democrats has helped the Republicans in many a tight hole. Though he looks like a boy, he was sixty in June. As an Oregonian, he speaks the language of the agrarian West, and if the G.O.P. is to stage a come-back, it must regain some of the territory lost in the West. As the co-author of the McNary-Haugen Bill, McNary is known to millions as a friend of the farmers. Born on a farm—no mean political asset when publicity men begin their pre-convention ballyhoo—McNary goes back to his Sabine retreat out West when Congress adjourns. Like Vandenberg, he is believed to have a fairly good-sized White House bee in his bonnet. The lightning will have to strike somewhere, and McNary appears to be within its range.

Pennsylvania, in the person of its senior Senator, David A. Reed, presents a far more forceful figure than either McNary or Vandenberg, and a greater intellect. No Republican Senator has attacked the New Deal more sharply, or challenged more boldly the implications of the social and political philosophy on which it is based. Reed has placed all his bets on one horse. Given a free hand, he would make mighty little of the New

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Deal permanent. Able constitutional lawyer, a man of courage and positive convictions, Reed is not rated a good politician. Men respect him, but he lacks the magnetism and qualities of personal leadership that have stood President Roosevelt in such good stead. And Reed faces the same handicap under which Ogden Mills labors. Closely identified with the Mellon interests in Pennsylvania, Reed seems too vulnerable to the "money power" cry to make him a likely choice of the next convention. Then, too, there is a certain hauteur and pride, if not arrogance, of intellect in Reed that further militates against his prospects.

Notwithstanding his knight errantry, his magnificent isolation, and his proneness to destructive criticism, rather than constructive suggestion, William E. Borah of Idaho, were he ten or fifteen years younger, would have strong backing as a man who could appeal to the West and liberal elements in the party. At sixty-nine Borah is too old to be considered for the nomination, even if conservative Republicans were willing to take a man of his type. Arthur Capper of Kansas hails from the Corn Belt, and is a safe middle-of-the-road man, trusted both by the conservative East and the radical West. L. J. Dickinson of Iowa, in the heart of the Corn Belt, a sharp critic of the Roosevelt policies, and 1928 keynoter, is another Republican high in the party's councils. Bull Mooser Hiram Johnson of California is still listed as a Republican, but having received the blessing of F. D. in his contest for reëlection in California, the G.O.P. could hardly choose him.

V

Republicans in the House offer at least two men whose availability ranks high in discussions of 1936—Bertrand H. Snell, minority leader, and James W. Wadsworth of New York. During the years of Republican ascendancy just prior to the depression the House was ruled by a triumvirate consisting of Nicholas Longworth, speaker, John G. Tilson, floor leader, and Snell, chairman of the Rules Committee. Snell alone remains in the House. Longworth is dead, and Tilson has retired into private life, after being beaten by Snell for the post of minority leader. Snell is rated as one of the ablest practical politicians in either party. With the material at his command, he has done a good job as minority leader. With Western Republicans he is fairly popular, perhaps because he comes from an agricultural area in up-State New York. A thoroughgoing partisan, Snell shocked the pious when he hailed the action of the House in overriding the veto of the Independent Offices Bill, as a deserved spanking of the President, and more recently he has condemned the New Deal as a failure, joining with those who want to shelve it. A graduate of Amherst—as is Speaker Rainey—the New Yorker is quick on the offense, a "tough guy" in his ability to take punishment, and in spite of the roughness of his exterior is well liked by most of his fellow Republicans. Old-fashioned Republicanism is his creed, and if the G.O.P. wants to wage the next campaign with conservatism the issue, it could do worse than take Snell. As a rugged party man, bred and born to a partisan environment, Snell is akin to Jack Garner of Texas, once leader of the House Democrats. Though ancient enemies on the floor, the two men are close personal friends.

Wadsworth is no less available than Snell, if the trend favors a man of his conservative type. An up-State New Yorker, whose father served in Con-

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gress and wore the blue in the Civil War, Wadsworth, as a youngster, became speaker of the New York assembly, and then served two terms in the United States Senate. As a Senator he was conspicuous for his courage, and his ability as a legislator. Few of his colleagues could handle an appropriation bill, or other piece of legislation on the floor as well as he. Wadsworth became recognized as one of the real leaders on the Republican side, and the veteran Henry Cabot Lodge, majority leader, used him as one of his principal lieutenants. Wadsworth, ahead of his time, took a definite stand against Prohibition, so he was beaten in 1926, as Republican drys insisted on his scalp. Now the G.O.P. has caught up to Wadsworth in the matter of Prohibition. In terms of 1936 the New Yorker has three assets; first, he was never identified with the Hoover Administration, and does not share in the heritage of its troubles; second, he has a certain courage and forthrightness conspicuously lacking in so many of the Old Guard's political hacks. Third, as a landed proprietor, he has a recognized community of interest with the farmers of the West, and though a man of means he is not identified, in the popular mind, in any close way with the money power of Wall Street. Wadsworth, however, labors under certain handicaps. He has made some enemies, notably because of his attacks on Republican drys, during the days when Prohibition was a great destroyer. Second, as a product of St. Marks and Yale, there is a certain amount of the high-hat in his make-up, and some members of Congress feel that his wife, the daughter of John Hay, is not enough of a glad-hander. Third, as a new member, in spite of his clear-cut challenge to the New Deal, as carrying the death warrant to American individualism, and personal liberty, he has failed to make much of an impression on the House or to have attracted public attention outside.

VI

Outside Congress there are other Republicans who are helping to stir the broth. Those who demand a repudiation of Old Guard leadership have rallied behind such men as Theodore Roosevelt, whose work in reorganizing the G.O.P. in the Empire State is commanding wide attention, Chase Mellen, Jr., Hanford MacNider of Iowa, Trubee Davison and several others. Fiorello LaGuardia, mayor of New York, may be worth watching, if the G.O.P. decides to move to the Left. In Massachusetts, former Governor Alvin Fuller, a powerful vote-getter, might later be projected into the national picture, and in New Hampshire Governor Winant is believed to have his eye on the White House. If the Republicans, who once drafted Charles Evans Hughes from the Supreme Court, decide again to go there for their candidate, their choice undoubtedly would be Harlan Fisk Stone, appointed by Coolidge in 1925. Meanwhile, Justice Stone's New Deal decisions will be watched closely. If the decisions of the Court reveal Stone as a champion and friend of the New Deal, the G.O.P. could hardly consider him an available candidate in the event that its leaders decide to make the permanency of the New Deal the major issue of the next Presidential campaign. Out in Chicago, Frank Knox, publisher of the *News*, is regarded as a man of great weight in councils of the party.

At this writing, no successor has been chosen for Everett Sanders, chairman

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of the Republican National Committee. Though the chairman may have some influence, the forces which shape the policies of a political party are far beyond a single individual's power to control. Today there are two main contests within the Republican party. The first is that between the Old Guard and the younger liberals and progressives, who insist on new blood and the complete rejection of Old Guard leadership and the control by big business and the financial interests that the name Old Guard connotes. The second contest is between those who want the party to make an aggressive fight against the New Deal and the regimentation and social control that it implies, and those who want to accept those elements of the New Deal that have demonstrated their value and usefulness by the pragmatic test. These contests necessarily overlap at many points, and not until 1936 when candidates are picked and platforms written will be known definitely the results of the battles now under way for control of the Republican party and its policies.

The senatorial and congressional committees this year, both financially and otherwise, will work independently of the national committee in trying to elect Republican senators and representatives. Senator Daniel Hastings of Delaware heads the Senate group. Closely associated with the Du Pont ruling dynasty, Hastings is a stout little man of much energy and a good if not a brilliant party worker. The House committee is headed by two young Harvard men, Chester Bolton of Ohio, and Robert Bacon of New York, son of the former Secretary of State and Ambassador to France. Neither the senatorial nor the congressional group is concerned directly with the formulation of national policies. They are chiefly interested in increasing Republican representation in House and Senate, picking the issues, both local and national, that seem best calculated to bring this about. The congressional campaigns will have a real importance in clearing out the weeds, and disclosing the issues which offer a promise for effective capitalization in the Presidential contest two years hence.

No discussion of Republican prospects can omit mention of the name of Herbert C. Hoover, still the titular leader of the G.O.P. Mr. Hoover, his friends in Washington have said, has no thought of seeking for himself the nomination in 1936. Mr. Hoover, nevertheless, must remain in the background of the picture. Only a sharp reversal in public opinion, a shift to the Right, almost a revulsion against the New Deal and its alphabetocracy could rehabilitate Mr. Hoover, and bring about a situation in which party leaders would turn to him as the man most likely to lead the G.O.P. out of the wilderness. The closest parallel is that of Grover Cleveland, who left the Presidency after his first term under a cloud of criticism and popular disfavor not unlike that which marked the Hoover exit from the White House. Yet Cleveland lived not only to see the fickle tide of public favor again turn in his direction, but to receive another nomination and to serve a second term in the White House. But Cleveland did not face a Franklin D. Roosevelt, and Mr. Hoover, most observers agree, will not figure in the money two years from now.

VII

If we can find no outstanding figure in the Republican party, our survey is far from showing that the G.O.P. is

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completely bankrupt. To go no farther afield than Congress, the small Republican membership in House and Senate will not suffer in comparison with an equal number of Democrats picked at random. The majority party in Congress, with a few exceptions like Wagner of New York, has contributed little enough to the New Deal, the architects for which are mainly Brain Trust members, and certain Cabinet officers, notably two former Republicans, Ickes and Wallace. In the States, traditional nursery for Presidential timber, new Republicans may come to the fore in this year's elections. The victory of a Republican governor in a pivotal State now controlled by the Democrats, or the unseating of a Democratic senator in a spectacular upset, would forthwith add another star to a firmament that now has few shining lights. In their search for Presidential timber, G.O.P. strategists will closely watch the State elections this year, and if a likely man appears, no time will be lost in building him up as one who may later be able to take the measure of Mr. Roosevelt. Lincoln was a comparative unknown when chosen to lead the Republican party, and so was Wilson, when the Democrats took as their standard-bearer the governor of New Jersey who had been president of Princeton.

If the cycle of politics runs a normal course, the Roosevelt sweep will probably be strong enough to keep the Democrats in control of the National Administration through the 1936 election, if not longer. If F. D. turns in even an average performance, if he escapes too many major blunders, and if economic conditions continue to mend, the Republican candidate in 1936 will enter the lists as an under-dog—as much of an under-dog as James M. Cox in 1920, and John W. Davis in 1924. The Democrats stand to benefit politically from the economic recovery of the country, just as Mr. Hoover was blamed for the depression.

As the opposition party, charged with the duty of audit and control, the Republicans have a real responsibility. But they need new ideas, a programme attuned to the spirit and temper of the age. No political party can rehabilitate itself by turning back the hands of the clock of progress. As the G.O.P. comes to life again, as its captains become articulate, the contest now under way for control of the party and its policies, assumes a large importance. Upon the outcome of that contest depends not only the effectiveness of the G.O.P. challenge to the New Deal, but the alternative which will be offered to the voters of America in place of the regimentation of American life by a steadily expanding Federal bureaucracy. The Republican party never stood in greater need of real leaders, men of vision, who are progressive enough to keep up with the times, and sane enough to conserve the things of permanent value in the heritage of the past.

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Submarine Marvels

By Rodger L. Simons

Those who worry about depletion of our natural resources on land may be comforted at the possibilities in water

When world powers scramble for gold wherewith to balance budgets and stabilize currency systems, when embargoes are declared against the exportation of the yellow metal and laws are invoked to forestall its hoarding by hyper-cautious citizens, it is a bit of a jolt to discover in the 1933 Edition of the Smithsonian Institution's *Physical Tables* that there is enough gold in sea water to provide every one of the earth's two billion inhabitants with a fortune of $24,000 at prevailing rates.

A cubic mile of ordinary "ocean" holds from twenty-three to 1,200 tons of gold. Tons, mind you, not ounces or even pounds, but tons! The quantity varies between the lesser amount in surface and coastal waters to the greater figure in the depths of the high seas. With gold worth at least $500,000 a ton, these appalling statistics mean that at the smaller percentage there is eleven and a half million dollars' worth of gold in every cubic mile of sea water, while at the richer equivalent the briny deep has a gold content of six hundred million dollars to the cubic mile! Of course, if all this gold could be extracted from the sea and diverted into channels of commerce it would bring about an international financial and political collapse by contrast with which all previous and recent upheavals have been mere schoolboy outings. But so costly is the process of gold recovery that no such holocaust is remotely conceivable.

Like most questions involving gold, this problem of its occurrence in and extraction from sea water has long charmed scientific and pseudo-scientific investigators. Though earlier men had dabbled with it, one of the first to make accurate determinations of the gold content of ocean water was a San Franciscan named Luther Wagoner, who at the beginning of this century busied himself from the rope-strewn deck of the little steamer *Albatross* in dredging up sea water and bottom sludge off the shores of his native California. He discovered minute amounts of both gold and silver in the proportion of twenty to one, not the more familiar Bryanesque ratio of sixteen to one, and was followed a few years later by H. S. Blackmore, who had been especially eager to canvass the feasibility of gold extraction. Blackmore's rather conclusive answer lay in the discovery that after spending four or five thousand dollars over a period of several years he obtained about five dollars' worth of gold and silver.

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Latest and perhaps most conclusive and discouraging information on this chimera was that dug out by Dr. Fritz Haber, Nobel Prize Winner, whose report on the prospects for gold removal from the sea is one of the most pessimistic tid-bits in all scientific literature. Backed by the resources of the Kaiser Wilhelm Institute, Herr Haber scooped up and analyzed water from a wide range of places and from the surface to undersea depths greater than 6,000 feet —he even melted and examined polar ice—and then resorted to the needle-in-a-haystack simile to express the futility of yanking gold out of sea water on a commercial basis. In fact, Haber often found more gold in various kinds of marine life and minute organisms than in the water itself.

An enterprise for the alleged purpose of extracting metallic gold from the sea actually was set up in 1897 under the imposing name of the Electrolytic Marine Salts Company, with a million dollars paid in toward its book capitalization of ten million. Backed by responsible and presumably shrewd business men of New England, the project depended for its operation upon a process invented by the Reverend P. F. Jarnegan, who had apparently pursued extracurricular studies not taught in divinity school.

A reduction plant was thrown together at a remote point on the Maine seacoast and filled with a formidable assemblage of machinery and chemical doodads, from which regular weekly shipments of $20,000 in gold bullion went to Boston. Fostered by such "results," stock in the swindle went from thirty-three to 150 and buyers cried and clamored for a chance to make their fortune from the sea. Then the ghastly moment came. A new piece of equipment refused to percolate and a hurry-up call was dispatched for Mr. Fisher, Jarnegan's general manager. Fisher was in Boston, and in his absence it was discovered that he had slyly been "loading" the mercury with gold filings, a stunt managed so adroitly as not to have incited the least suspicion on the part of superintendent, chemist or directors. The company popped then and there and Jarnegan and Fisher flew the coop.

II

Thales of Miletus, the ancient Greek philosopher, astronomer, inventor and statesman, was a shrewd old duffer. Ambling along the shores of the Ionian Sea, contemplating the universe, stroking his long, white beard, Thales concluded that "water is the origin of all things and to water all things return." And that statement, taken in its literal sense, should rank Thales as the father and founder of the science of oceanography.

From water all things come and to water all things return. And now, 2,480 years after Thales' day, we are still discovering added facets of that fundamental truth. For sea water is not the only thing that makes up an ocean, and gold is not the only occupant—nor even one of the chief ones—of sea water. The entire mass of the ocean is about 1.57×10^{18} tons, representing a volume of 418,000,000 cubic miles, each one of which weighs 4,700,000,000 tons and contains an average of 166,000,000 tons of dissolved salts, among them sodium and magnesium chloride, calcium, magnesium and potassium sulphate, calcium carbonate, arsenic, phosphorous and all sorts of other stuff. Thus, in addition to the obvious hydrogen and oxygen, further constituents include copper, tin, lead, zinc, nickel, iron, aluminum, car-

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bon, lithium, strontium, vanadium, cobalt, silicon, boron, titanium, bromine, manganese, caesium and molybdenum. This soup is mingled with about 150,000 tons per cubic mile of dissolved albumen and other organic matter in stupendous quantities. For ages untold such substances as are not water-soluble have been settling to the bottom, producing an overlay of mud and ooze hundreds of feet thick and containing the remnants of dead animals, plants, skeletons, shells, precipitates and crystalline matter. And ships.

This state of affairs has been achieved largely through the despoliation of the land by the sea, a process which goes on to the tune of 2,735,000,000 tons a year. The cycle begins with the seepage of rain through the soil, dissolving out the salts and minerals. First to go are the more readily soluble substances, such as iodine, bromide compounds and nitrates. They are flushed into springs and rivers and thereby find their way to the sea, along with other disintegrated materials and millions of tons of sedimentary mud.

The less soluble items and those which approach insolubility are released through an involved process executed by the atmospheric elements. With every flash of lightning in the sky the action of the electric spark discharge creates nitric acid out of the oxygen and nitrogen present in the air, about 250,000 tons being the estimated daily production. Brought down by rains, this nitric acid combines with such soil materials as soda, lime, potash and others and forms nitrates, readily soluble substances. Some of these nitrates are absorbed as food by plants on land, but the far greater portion take the river route to the sea and thus fertilize marine vegetation. There the nitrogen ultimately is freed and rejoins the air, eventually to be precipitated again by another crash of lightning. In thus liberating insoluble or only partially soluble products in the soil this fixation of nitrogen by atmospheric electricity has an important part in the carrying of minerals from land to sea. Even such of them as iron, copper, zinc and others which fall into man's use are only slightly delayed in their resistless progress to the deep. Manufactured into automobiles and other machinery, into household appliances and the other impedimenta of the mechanical age, they are in time worn out, discarded as junk and left to corrode, rust, disintegrate, dissolve and thus are soon washed off to the ocean.

Other vast forces have their part in the enrichment of the seas, influences that have been tirelessly at work through ages past. Meteors and clouds of meteoric dust that strike into the earth's atmosphere in huge amounts every twenty-four hours have better than an average chance of plopping into the sea, whose bottom is strewn with such objects, great chunks of rock, iron, nickel. Submarine earthquakes, fissures, springs and fumaroles heave up materials from what are quaintly designated as the "bowels" of the earth. Volcanoes are lavish beneficiaries of the sea, contributing directly and through volcanic dust tossed into the atmosphere, wafted about by winds and brought down by rain. Glaciers comb the largest mountain valleys and bring to the sea all manner of rocks, débris, animal and vegetable refuse and other matter. This and all the rest of it, the dejecta of man and nature, goes trundling off to the sea—the waste basket of the world.

Only the scantiest influence tends to retard this vast march. In earlier times

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the original forest growth, with its tangle of leaves, trunks, vines and vegetation, kept the top soil in place and thereby to a limited degree checked the seepage and flow of water and prevented a too speedy erosion of the land. But with the denudation of forests and the laying bare of a large part of the earth's surface in all civilized lands, the soil and its contents have been flushed away more rapidly than before in the form of mud and silt. It is to correct this exhaustion of the land that the fertilizer industry is feverishly trying to restore to the soil such elements as potash, nitrogen and phosphorus. Other deficiencies which soil chemists are learning of and hope to alleviate are those of copper, iron, manganese, titanium and boron. Any suggestion of a reverse movement at the hand of nature is negligible. A trifling amount of the sea is washed a few feet on shore and some of it is blown a few miles inland as mist, but in either case it soon is drained back.

III

The ocean is a sizable affair, its area of 139,295,000 square miles being almost three-quarters of the world's surface. Similarly three-fourths of the earth's living creatures are in the sea. More than four-fifths of the ocean bottom is a mile under water and the average depth throughout the world is estimated at almost two and a half miles. The lowest known point is no longer the Challenger Deep, southwest of Guam in the Western Pacific, sounded in 1899 by the United States steamer *Nero* at 5,269 fathoms, but the Philippine Trench, just off the northeast coast of Mindanao, measured in 1927 by the German cruiser *Emden* and found to be 5,900 fathoms or 6.7 miles deep. Little wonder that the pressure on the ocean floor at such levels is nearly 16,000 pounds to the square inch, the water so compressing itself that were this frightful weight to be relieved the sea level would go up 104 feet—an odd statistic to recite during a lapse in conversation at your next dinner party.

As sunlight dwindles out after seeping through about 200 feet of ocean, these bottom depths represent the very blackest kind of "night," a degree of darkness which we on earth can not begin to appreciate. And it is cold—so cold that even hardy bacteria do not survive down there. This is a break for the home team, for it means that the bodies of fish and animals which drift down after mishaps above never spoil, are perfectly preserved until consumed at leisure by the chill, clammy creatures who populate those regions.

Containing as it does all the elements imperative to the sustenance of life, sea water is an ideal nutrient medium. Moreover, its composition is very nearly uniform, because it is continually stirred and mixed by tide, current and wind. Not completely understood but very interesting is the routine by which ocean life extracts these minerals and food matter. Thus oysters, lobsters, clams and kindred beasties have some little-known technique of gathering large quantities of lime from sea water for the building of their shells. They also concentrate copper and manganese, as other wee sea animals secrete gold, but their means of accomplishing these metallurgical mysteries has never been adequately explained. Sponges and various sea weeds, as is well known to even amateur dieticians, contain a much higher percentage of iodine than the water native to them, but how they transform it is still a puzzle. As another

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instance, diatoms are little affairs living in the sea by the millions and trillions and having shells or skeletons of silica, which is chemically the same as common sand. Though sea water contains the merest trace of silica, the tiny diatoms have a way of extracting it for their purposes. Similarly another small organism assembles its frame of strontium, an uncommon element so rare in the sea as to make their finding of it a deep mystery.

The success which these small creatures have had in withdrawing minute quantities of valuable elements and materials from sea water suggests a possible and not entirely improbable answer to those who shake prophetic heads and warn of the depletion of our natural resources. If our land deposits are approaching the bottom of the barrel, we may find it increasingly necessary and profitable to put a new interpretation on the ancient "call of the sea." Not only does the ocean contain in some form and in unbelievable quantities every basic substance used and needed by man, but these substances are continually being synthesized and recreated in that superlative industrial laboratory—the ocean. Whatever elements and materials are whisked out of the sea are ineluctably destined to return, there to reënter the vast process of dissolving, absorbing, redissolving, precipitating, going into plant and animal life, being constantly shifted about, exposed to every sort of light and to every manner of chemical reaction. The ocean never runs "out of stock" on any item.

An instance may be cited in the case of bromine, which is used in the manufacture of the alleged "non-knocking" gasolines and which comes from a very few wells in a very limited locality in the United States. Fearful of the exhaustion of these supplies, the manufacturers recently put up an experimental extraction plant at Ocean City, Maryland, later transferring it to a ship off the North Carolina coast, and set about the removal of bromine from sea water. With a bromine content of but .006 of one per cent, the prospects would hardly appear encouraging. But they were—and vastly so. The floating laboratory processed 7,000 gallons of water a minute, drawing it up through huge pipes, submitting it to a chemical reaction for the removal of the bromine and returning it to the ocean. And yet, successful though the stunt was, so great are the ocean reservoirs that a plant producing 100,000 pounds of bromine a month could operate for 392 years before exhausting the supply in a single cubic mile of sea water.

Vivid prospects are suggested by the sea-weed industry along the Pacific Coast. Though chemists are able to squeeze potash, iodine and other products from sea water, marine plants are much more efficient in the storing up of these substances. Thus the manufacturers find it more lucrative to process the sea-weed than the sea water. The next step would seem to be to find or breed a sea-weed or sea animal which could secrete gold and then start a ranch for their large-scale cultivation. Another department of the business might have radium within its purview, for the estimated amount of radium in the seven seas is worth $7,616,000,000,000,000 at market rates.

The staggering possibilities in the way of what the ocean can *give* us are only approached and paralleled by the tremendous potentialities in the line of what she can *do* for us. Thus the restless and resistless motion and energy of

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tides, waves, currents, suggest sources of industrial power. Wave motors and engines operated by tidal rise and fall have long been the plaything of the inventively minded and will some day doubtless enjoy practicable fruition. Georges Claude, French scientist and inventor, is proceeding along definitely sound scientific principles in his efforts to liberate power from the differences in temperature between surface and deep-down waters. The major difficulty has been to develop his power at a point reasonably near its point of application.

This fact of the very low temperatures at sub-sea depths suggests still another application of the sea to one of man's latest playthings—air-conditioning. With millions of cubic miles of this cooling brine just outside New York and every other seaport, there loom up charming thoughts in the way of zestful, tempered homes, offices, subways, factories.

Skeptics disposed to an attitude of scorn toward the possibility of ultimately extracting power or materials from the deep are tolerantly reminded of the quaint incident that the first steamship to cross this same sea from England to America brought along copies of a book, just off the press, proving that ocean transportation by steam was theoretically impossible.

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Why Not Produce Things That Pay?

By Oliver Williams

If our Yankee progenitors grew rich by trading products of American well-paid labor for products of foreign cheap labor, why can't we?

Many of us feel that there is little use in planning to develop our businesses or professions today because the whole structure rests on the quicksand of a mistaken national policy. An avenue of constructive effort will be opened to us, however, if we can determine what it is that democracy and individual initiative involve if they are to be the foundations of American life.

It is of the utmost importance to note that in the decade when the seeds of our present unbalance were sown America had departed from regulated individualism in industry. She had fallen into a system of favoritism which was no more individualism than it was collectivism. It was the invalidism of an apathetic democracy. The principal favoritism was that of tariffs, and, unfortunately, favoritism toward particular groups always entails discrimination against others. To discontinue this tariff preference is an issue which the politicians and the press of today dare not face realistically because the result would be painful to so many politically important interests. To liberate American commerce will involve a political reformation—a reformation toward honest conservatism. If freedom is to live in America we may have to create a new conservative political party. Perhaps only in this way can our men of business be set free to make business successful, and our men of government emancipated for nobler things than the donation of shelter, bread and shoes to submerged portions of our population.

Tariffs are taxes on imported merchandise. An interesting example is the tax on imported watches, which has been equivalent to eighty-six per cent. Watches are the principal article of American trade with Switzerland. It is interesting to note that Switzerland has been a country practically without a slum, and that her wealth per person has been higher than America's. This mountain state can not, however, grow cotton and can not produce sufficient foodstuffs to supply its needs for more than one month out of twelve. For that reason the Swiss must trade in order to live, and as they need American cotton,

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wheat and meat more than we need the watches which they can make so well, America has an opportunity to drive an advantageous bargain. Our watch tariff, together with others such as that of ninety per cent on embroidery, as a subsidy for small American groups, has deprived most of us of these articles and thrown many of our own people into idleness. In 1920, Switzerland, a country of enormous individual purchasing power, took American merchandise of a value of 864 million Swiss francs. In 1933 it purchased but ninety million francs' worth, a drop of eighty-nine per cent. This destruction of Switzerland as an American customer has had its share in destroying the income of certain American farmers who are in distress although not yet statistically "unemployed"—who are working, but get next to nothing for their labor. And the American fine watch manufacturers are operating at a loss.

Let us consider a tariff which protects a farm interest—the duty of two cents a pound on Cuban sugar, equivalent to about 160 per cent even on the 1930 price of sugar. The climate and soil of Cuba make her the world's cheapest producer of sugar. Americans have invested about a billion dollars in developing Cuba, and in one year she purchased $515,000,000 worth of American machinery, automobiles, lard, wheat, milk and other products. In 1933 she purchased but $25,000,000. Cuba was once one of our ten best customers.

There was, however, a group of American sugar farmers who could not prosper unless they procured the government assistance of a tariff wall against cheap Cuban sugar. This group was led by Senator Reed Smoot of Utah, then chairman of the powerful Senate Finance Committee. The result of their activity was to plunge Cuba into desperation. By its sugar law of May 9, 1934, the Democratic Administration chastised Cuba for her cheap sugar by a tariff of one and one-half cents a pound which unless Cuban preference is changed will be equivalent to almost 100 per cent, besides a processing tax of one-half cent, the proceeds of which do not go to Cuba, and an extra quota of misery in the form of a restriction of exports to the United States. Cuba's cane-field laborers, forced to work from dawn to dark for maximum wages of forty-five cents a day, say to Americans, "With our blood we make the sugar which we sell you." Our trade with the island republic is, of course, largely destroyed, which is one example of what tariff protection has done for potato farmers in Aroostook County, milk canners in the Mohawk Valley, automobile mechanics in Detroit, and other Americans who used to work upon export merchandise. We must pay more for the sugar on our breakfast tables, and many of us who put our savings into Cuban investments must take our losses.

We are not concerned here with the corruption indicated by such things as the payment by a beet sugar corporation of $13,000 to Ernest W. Smoot, clerk of the Senate Finance Committee. It is the industrial wreckage of this tariff to which we call attention. Is the American home-grown sugar business worth the tremendous price which every one of us is paying to maintain it? This industry, mainly in beet sugar, is unadapted to our climate and to our normally highly paid labor. The work of producing sugar beets is highly seasonal, and the plant investment is idle for about three-quarters of the year. In so far as sugar production in America necessitates importation of unskilled labor for the hand work of

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beet cultivation it is destructive of American wage levels. The value of the product is only about one per cent of the total of our continental farm crops.

We have mentioned but three out of our total of some three thousand tariffs. A list of them is published by the Department of Commerce in a light brown book, *Foreign Commerce and Navigation of the United States*, to be found in the reference rooms of public libraries. This list might be considered as something more than a dry government record. It might be looked upon as the score board of a game—a game which is world-wide in its effect, and tragic in its silent destruction of the prospects and hopes of millions of men and women.

II

High tariffs were enacted during the Civil War as a complement to the high taxes which were required for the conduct of the war. After the war the taxes were reduced but very high tariffs somehow remained. This system has been maintained by the political pressure of interests who benefited by it, and our politicians have attempted to justify the tariffs on the theory that they have raised the level of wages in America. Theodore Roosevelt, in 1902, said that "our laws should in no event afford advantages to foreign industries over American industries. They should in no event do less than equalize the difference in the conditions at home and abroad." That was the Republican doctrine of protection, and it was adopted by the Democrats in the campaign of 1928, when the Democratic inheritance of a tariff for revenue only was buried. Alfred E. Smith expressed his tariff theory before the Senate Finance Committee in the spring of 1933, when he said, "I'm not for scrapping the tariff, but I think it should cover only the difference between low-priced foreign labor and our own first-class labor." And Franklin D. Roosevelt wrote in 1933, in *Looking Forward*, that "workers who are sweated to reduce costs ought not to determine prices for American made goods," and that "tariffs should be high enough to maintain living standards which we set for ourselves." On April 2, 1934, the President's special European representative, Mr. Richard Washburn Child, stated that Japanese competition must lower world living standards.

It is a mistaken assumption that our high standard of living was maintained by our trade barriers. On the contrary, our favorable living conditions have been sacrificed because of our acceptance of the protective theory. The implication that we can secure wealth by a wishful "setting" of high standards belongs in rhetoric, "the cemetery of human realities," and social legislation can not begin to repair the wreckage caused by anti-social tariff laws. If we look back in American history to the glorious era of the China clipper ships we find no fear of foreign low wages. The Yankees of that virile generation knew their strength. The red cloth which they produced so easily they exchanged for cheap though laboriously produced chinaware and other products at Hong Kong, and the Yankees saw that their advantages in natural wealth and human inventiveness were too great—that their wages were too high—to make it profitable for America to operate some types of potteries. But in recent times we have built an eighty per cent tariff barrier against plentiful Japanese tableware, and have thus prevented the Japanese from working for us on favorable terms. Instead of taking upon themselves the disadvantages of China the

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Yankees built ships, traded their cheap cotton, and became affluent. Today ten thousand merchant ships lie idle in the world's ports, with tarpaulins over their funnels to keep out the rain. In this ridiculous and tragic day there is confusion as to what national wealth really is.

In simpler times we thought that goods were wealth and did not hasten to Washington to protest when our shiploads of good bargains made fast to the wharves of Salem or Charleston. Now, with the world in debt to us for the first time in our history, we are troubled by the prospect of an "invasion of alien goods," and we legislate against debt payment in any form of merchandise other than gold! Yet we must accept an import balance to make possible a continuance of the interest payments on our business investments abroad, which make us a net creditor to the extent of eleven billion dollars. Such an import balance of merchandise our statisticians would call an "unfavorable" balance of trade. Would it necessarily be favorable for us to ship overseas every movable object we have, from shoestrings to locomotives, in return for what gold is left in the hands of foreigners?

We do not really suffer from overproduction. We see a surplus of cotton, for example, which is of no value to us, and enact laws against production, but we do not see that the standard of living of the American cotton cropper approaches that of the savage simply because we refuse to exchange our cotton for china and several thousand other articles in the specious belief that these would be "cargoes which put Americans out of work."

A knife is more or less useless, strong though it may be, if its cutting edge is nicked. Our national economic organization can well be paralleled to a jackknife, the steel of which is the forty-nine million total of American workers. Of these people, as Mordecai Ezekiel, a Government economist, wrote in *Today*, less than half are in the actual producing industries which form the cutting edge of our national knife blade. The remainder, the back of this knife, are in the service industries of transportation, communication, distribution, professional work, public service, housework and so on, and in the construction industry. The back of our national knife does not cut and its portion of produced goods depends upon the sharpness of the cutting edge. The twenty-five millions in the back of the knife are not directly affected by tariffs, and of the twenty-four millions in the cutting edge two-thirds or sixteen millions would either be helped by or be unaffected by the removal of the barriers against trade. They are in low-cost-of-production, nationally profitable industries. The remaining eight millions, only one-sixth of our workers, are in farms and industries of which many units are not nationally profitable and are being supported by tariff aid. In this way Republican and Democratic protection has forced approximately one-sixth of our workers to form dents along about a third of our productive front, thus dulling our whole economic knife of forty-nine million workers.

It is true, as protectionists say, that we have not exported more than ten per cent of our exportable national production. But we have had high tariffs since the Civil War, and had it not been for this self-imposed blockade America might have increased the production of her strong industries in which she leads the world in low costs. She might have exchanged not one-tenth but a third or

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more of her national production for more valuable wealth which she has forced herself to go without.

The American coal industry is an example of a naturally strong, low-cost-of-production industry which is now said to be chronically sick and over-manned. In Kentucky, for instance, the unemployed coal miners have gone back up the trails again to the hills, some families crowding together eight in a shack, and existing on what corn and pork they can raise on the rough mountain sides. These wilderness slums may have a close connection with our trade warfare, for not so many years ago export coal rumbled down the valleys to Hampton Roads over the Chesapeake and Ohio and the Norfolk and Western railroads in hundred-car trainloads. At the piers, automatic car grabs would dump the "black diamonds" into the waiting ocean freighters until their red bottoms were hidden under water. We shipped an export balance of coal and coke valued at ninety-nine millions in 1929, but that is a memory now. Even more important, one-quarter of our coal is normally used for locomotive fuel, one-fifth for coke and steel manufacture, and another fifth in manufacturing. When we strike down our exports, we reduce our railroad freight haulage, our steel making, and our heavy manufacturing, and as a result we throw much coal capacity into idleness. In May, 1932, Senator Alben W. Barkley of Kentucky, who was the "keynote" speaker at the Democratic Convention that June, helped enact an import tariff on this export product, coal, and tariffs were also enacted on oil, lumber and copper. Must we forever treat symptoms and not causes in our attempts to revive our stricken giants of industry and agriculture?

The situation of the American farmer today is a serious one, and will become more serious tomorrow when crop reduction forces many farmers into unemployment. From the tobacco roads of Virginia to the apple valleys and wheat basins of Oregon, our farmers are in difficulty. It is reported that many cotton "share-croppers" are making as little as thirty dollars' cash income in a year. In three States nearly one-third of all farms have been taken from their owners by defaults during the past five years. Is our protective tariff policy to answer for this? Italy, for example, imports wheat, but we have had tariffs which even on 1930 prices were equivalent to fifty per cent on her olive oil (to protect the two per cent of our consumption which we produce ourselves); sixty-eight per cent on her lemons (to make it "profitable" to irrigate an American desert); sixty per cent on Leghorn hats, and so on. The American farmer has been kept out of his logical trade with northern Europe by tariffs like those of fifty-nine per cent on the sweaters which he would like to buy, fifty per cent on aluminum pans, fifty-four per cent on eyeglasses, seventy-two per cent on violins, seventy per cent on toys which his children would like to have, fifty-one per cent on Bordeaux wine for his holiday, and sixty per cent on surgical instruments for his sick ones. While he goes without these things the workers of Europe can not find employment in their factories and are cultivating little patches of land without machinery by almost the same methods which prevailed in the Fifteenth Century. They are "protected" by tariffs against our cheap grain and packing house products—and bread and meats and fats are scarce and dear. Thus is the world becoming medieval again.

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III

Nationalists believe with Wallace B. Donham, Dean of the Graduate School of Business Administration of Harvard University, that we should "put our own national house in order" before it will be safe for us to trade our wares in the world's market-places. The opposite view was well put by Harold G. Moulton and Leo Pasvolsky of the Brookings Foundation in Washington, who wrote that "the assumption that domestic trade could be expanded simultaneously with the curtailment of foreign trade is without foundation. If producing areas are seriously depressed as a result of the loss of foreign markets, the purchasing power among vast sections of our population is curtailed and in consequence their ability to purchase goods in the domestic market is lessened. The agricultural depression has brought with it the failure of thousands of banks, and widespread default. It is doubtful, indeed, whether our economic system would survive amid the difficulties that would be involved in making the wholesale shifts that would be required to make this country independent of foreign trade."

We come to the problem of why no American industry is expanding, and of what direction our industrial growth can take under present conditions, and of the consequences of our ceasing to expand at all. There is a very large group of industries which depend upon continued investment as distinguished from continued consumption. These industries include the production of building materials such as steel, lumber and cement, and tool and machine manufacturing. It was estimated by the American Federation of Labor in March, 1934, that of eleven million and more unemployed, six million were in the durable goods industries, less than five million in the service industries and less than seven million in the consumption goods industries. A report by Arthur R. Tebbutt of the Graduate School of Business Administration of Harvard University, issued in August, 1933, points out that in three recent years, while the consumption of consumer's goods dropped but ten per cent, the iron and steel industry dropped eighty-three per cent, and lumber seventy-one per cent. This report states that to secure an increase in the making of new plants and other "producers' goods" will require new investments of capital, and these will take place only as confidence is inspired among the investing public in the soundness and permanency of the recovery. Such expenditures mean not "buy now" but "invest now." We might ask why investors or banks should invest savings or credit in our strong industries, from electrical manufacture in Boston to motion picture production in Los Angeles, when these enterprises can not use even their present plant capacity because of the laws which keep them from trading their production. On the other hand, why should capital be invested in an industry which is so unadapted to American conditions that it can not continue without tariff crutches? If it does not profit our private banks to loan credits for exports or for construction, it will not profit citizens to have the Administration use their money or credit for these things. Our protective system is keeping our horses of savings locked up in their vaulted stables, and is keeping the American construction and machinery-making industries from giving employment to their skilled workers. And it has urged $1,200,000,000 of American capital into the employment of

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foreign labor in two or three hundred uneconomic little branch plants, in an endeavor to overcome retaliatory tariffs and hold overseas customers.

American productive genius excels in invention and in the low-cost, high-wage, standardized production, on both a large and a small scale, of bulk commodities and of thousands of articles from radios and refrigerators to belt conveyors and dynamos. Such production goes hand in hand with broad-gauge marketing and world trade, and our wages are no bar to competition, for the wage element is small in machine production. But if we force ourselves to compete with foreign hand-work, high-cost, low-wage industries, we force labor out of high-wage and into low-wage production.

In discussing the tariff, one finds that there is considerable fear that to buy the products of lower standard countries, as Garet Garrett has written in the *Saturday Evening Post,* is equivalent to admitting their lower paid laborers to America to compete with American labor. This is perhaps the most fundamental misunderstanding of our times. As a matter of fact, our wage level has been higher than that of poorer nations partly because we were willing to trade the products of our superior capital and resources for the products of the labor of less fortunate countries. It may not be too far-fetched a simile to liken a nation with superior endowments to a man who, like a physician, has advantages of training and experience. If a physician should decide not to "trade" with his shoemaker on the ground of the latter's low material standard of living, the physician would have to make his shoes at home. He might be just as efficient at making shoes as the shoemaker, but obviously he would have less time than before for his better rewarded medical practice. To continue this logic further, the doctor might feel that a "no trade" policy was even more necessary now that the cobbler's wages are lower than they were before the doctor stopped purchasing shoes from him! The confusion in this reasoning about competitive standards of living is in the failure to distinguish between sharing one's home with a man and letting him make one's shoes. It is the confusion of free immigration with free trade; of sentimental internationalism with practical and confident international business relationship. Could it be that American foreign policy has been based almost entirely upon such a confusion of principles? We may learn that the only true protective policy, if national as opposed to minority prosperity is the goal, is, first, a prohibition of the immigration of persons not exceptionally able, and, second, an increase in our total capital that there may be more demand for the workers whom we already have. If we make useless a portion of our machinery by stopping the international exchange of its output we destroy part of our capital and reduce the demand for and the wages of American labor. Before we say with Stuart Chase that "we have put our necks in technology's noose," that capital displaces labor in its net effect, it would be logical to give our capital—our machinery—a chance to employ our man power by bringing the potential customers of our machines into the expanding circle of world trade.

Our future could be dynamic, if we set free our productive genius and our machinery. "If we think of the 350 million people in India who are now content to wrap themselves in a cotton sheet, who will deny the advance in civilization that these human beings may

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take before the year 2000?" In America, for every 100,000 people there are 21,923 motor vehicles; in China, only seven! The foreign trade of 440,000,000 Chinese is little more than that of 11,000,000 Argentines, and the same is true of India, a nation of 350,000,000 people. In Mr. Grundy's State of Pennsylvania the mighty iron works stand ready to meet a large part of the world's opportunities for the profitable use of steel in water systems, rails, signals, bridges, locomotives and cars, cranes, road-making machinery, automobiles, buses and trucks. America could be, among many other things, the prosperous road-builder of the world! And she should not fear that other nations would harm her if they should raise their standards of living by buying her tools and machinery, for her greatest trade has been with the wealthy industrial nations. We should change the slogan "We Can Make it in America" to "Let Americans Make What it Pays Them to Make." Free commerce is free industry, and when we unshackle our trade in genuine reciprocity we shall set free our strength!

Let us decide simply to set a tariff rate on our imports from each nation which shall be of the same percentage as the highest tariff which that country levies on any American products. Nothing more complicated than that is needed.

America is like a sailing ship which is rolling under bare poles in a favoring trade wind. We are too sea-sick, too timorous of the competitive swell to raise our sails and steady the vessel. We stay below decks and experiment with pulling upon our bootstraps. Instead of conviction and leadership our officers exhibit confusion and followership. The captain extols both trade and trade barriers. The purser forces an undervaluation of the dollar abroad, which is equivalent to a new tariff, and hopes to be given "at least nine months or a year so that we may find out a little more about the situation." The steward circulates a questionnaire on crop prohibition and asks for debate on the ship's course, saying that he "leans to the international solution" but that this solution is extreme, and he proposes a vague "planned middle course." But that course will only keep us in the middle of the sea, and that is a restless haven.

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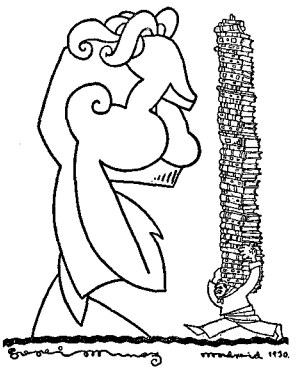
THE LITERARY LANDSCAPE

by

HERSCHEL BRICKELL



SIDE by side with frantic preparations for the next war, in which the United States is participating as eagerly as any other nation, we have a complete exposure of the international traffic in arms in two of the most important books that have been published in recent years, although whether or not they will have any effect whatever upon a situation of steadily increasing seriousness, the Landscaper hesitates to prophesy.

When we come to bury the next Unknown Soldier in Arlington or elsewhere, however, something ought to be said in the funeral oration about the extreme probability that he was killed by American munitions, from the manufacture of which his own family may have profited.

The salient point about the munitions business, one of the largest and best organized industries in the world, is that people who deal in the marvelously effective death-dealing devices of the present day are merchants who sell to people who have the money to pay for what they want. It is wholly a question of cash; patriotism has nothing whatever to do with it. Indeed, as has been said, the only perfect example of internationalism in existence is the traffic in arms, and if that isn't enough to give all the idealists in the world a headache, they must have harder heads than one would think from observing their actions and reading their remarks.

The current interest in the matter of arms traffic was aroused several months ago by the publication in *Fortune* of an article called *Arms and the Man*, which has now been reissued by Doubleday, Doran at ten cents, and which is being widely distributed by peace societies. Even before this striking exposure was published, there had been brought out a small volume by Otto Lehmann-Rüssbuldt (King), called *War for Profits*, which contained the essential facts.

Two Good Books

The new books on the subject referred to in a foregoing paragraph are H. C. Engelbrecht and F. C. Hanighen's *Merchants of Death* (Dodd, Mead, $2.50), and George Seldes's *Iron, Blood and Profits* (Harper, $2.50), the first a Book-of-the-Month Club choice, and as this is being written a best-seller; if one should be forced to a choice, it is in some respects a better book than Mr. Seldes's volume, especially in its cool, detached and factual tone, but there are many things in the Seldes book not in the other volume.

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They are both good and both valuable; it would be a pity, really, if any intelligent American citizen failed to read them, or if not both, one; or if not one, at least the *Fortune* article.

It would be easily understandable that the makers of arms should sell to anybody able to pay for their goods, since this is perfectly in line with the ethics of contemporary business, but even the cynical are likely to be shocked by the accounts of high-pressure salesmanship to be found in the two books; of the wonderful work done by that man of mystery, Sir Basil Zaharoff, who as a loyal citizen of the Greek nation once presented his native land with a submarine and then promptly sold the Turks two boats of the same type, using the Greek ownership of his gift as a sales argument.

This is one of the bitterly ironical stories in the collection; another concerns the visit of a Chinese and a Japanese delegation to a British arms factory which was supplying both their countries with munitions. They were not supposed to meet, but they did, by accident, and immediately fell into a discussion of the prices they were being charged. The upshot of the conference was a demand for a cut in the scale! This was while the Shanghai incident was under way and the civilized world was holding up its hands in horror at the needless butchery that was going on.

The Briey Episode

It would be easy enough to multiply these anecdotes—to mention again, for example, Mr. Seldes's retelling of the Briey episode in the World War, when the French refused for good reasons to attack the Briey basin, although the War could have been ended months sooner if such an attack had been permitted, but enough has been written to give a clear idea of what the two books are about. Mr. Seldes has a good deal to say about the horrors of the next war, especially from the use of some of the poison gases that have been invented since the 1914–1918 outburst of insanity; other experts differ from him on this point, but there is certainly little reason to doubt that the coming conflict will be more terrible than anything in history.

What to do? As usual, this is the hardest question of all to answer. A world that sanctions war will find it very difficult to make any changes in the free sale of arms; the complete nationalization of arms-making would be a help, but not a complete cure, for where this has happened, in Japan, the outside sale of munitions has continued. China bought vast quantities of arms from Japan the year of the Shanghai war. Neither Messrs. Engelbrecht and Hanighen nor Mr. Seldes can offer any pat solution, but they give the facts and some suggestions; the rest is up to all of us.

The Age of Plenty

Concerning the Age of Plenty in which we live at present, there has been no better and more exciting book yet written than Lewis Mumford's *Technics and Civilization* (Harcourt, Brace, $4.50), which is a history of the development of machines and of their influence upon the human race that carries the story back a thousand years, and does not fall into the mistake of beginning the period with Watt's invention of the steam engine.

Mr. Mumford is extraordinarily good at diagnosis, at explaining just exactly how we happen to find ourselves with more goods than we know what to

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do with under existing systems of distribution; the Landscaper's quarrel with him begins only at the point where he takes up the discussion of remedies. All he can see is a world-wide spread of basic communism, that is, not communism in the Russian sense, but the public ownership and operation of fundamental utilities together with the complete abolition of the profit system. This having been done, the next step is a world federation, with economic planning on a universal scale, and the human race happy in a Le Corbusier world, with all its silly old attic-furniture having been cleared away, and nothing to do except to enjoy life, including, explains Mr. Mumford, whose survey is nothing if not complete, love-making under ideal conditions.

One reviewer of the book, who also found it tremendously interesting, and who also expressed his admiration for Mr. Mumford's erudition and his philosophical approach to the whole complex problem, said Mr. Mumford reasoned that because basic communism seemed the only logical solution of our present dilemma we should therefore inevitably have it, and went on to point out the folly of this conclusion in the light of human history. The point is well taken; Mr. Mumford's engineer-economist Utopia has to the Landscaper just two things wrong with it: people would not like it, and there are no engineer-economists living intelligent and honest enough to run it.

The Clinging Past

Of course what will happen will be that the human race will continue to fumble and stumble, advancing a bit here and retreating a bit there, holding on tight to ancient beliefs and tabus at one place and turning these loose to seize upon others equally foolish elsewhere. If we could manage to be born clear and free of the past there would be a chance, perhaps, of our being perfectly happy in a designed modern world, but we aren't born free at all; the Landscaper was thinking about the Mumford book and its implications a few nights ago just before dropping off to sleep and suddenly realized that through a great-grandmother he had actually touched at first hand the life of 1815. . . . Whatever we meet in books or in life becomes a part of us, willy-nilly, and some of us at times look longingly at a world swept bare of the past but at the same time realize we would never be at home in it. In other words, we are not reasonable, logical or even intelligent, and Mr. Mumford flatters us very much indeed when he thinks we are or that we can be made so under another system.

His is a book, however, that is tremendously worth reading, thought-provoking and stimulating. It is full of long words that ought to be shorter, but it has something to say that is of vital importance to any one alive today, and the Landscaper recommends it as one of the season's most highly indispensable volumes.

The Advertising Racket

Another recent book that touches upon one of our most important questions is James Rorty's *Our Master's Voice* (John Day, $3), which is a fiery discussion of the advertising racket, especially as it was practised in America before the depression set in. On the debunking side Mr. Rorty, who was once an advertising man himself, does a superb job, and some of the material is amusing as well as revealing, but Mr. Rorty is like Mr. Mumford in seeing no

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way out of our difficulties except a revolution.

He blames the profit system for the evils that cling to advertising, for the bunk and the ballyhoo, the downright dishonesty and deliberate misrepresentation, and says flatly that there can be no such thing as honest advertising with things as they stand. The answer? Wipe the slate clean and start over. Without wishing to seem tiresomely repetitious the Landscaper's answer to this is that Mr. Rorty believes a new world can be made out of the same old people merely by changing the form of government; in short, he thinks the bunk in advertising comes from the outside and is forced upon a reluctant public, whereas the Landscaper believes the public likes the bunk and would not be satisfied with anything else.

Mr. Rorty thinks we may have fascism in this country before we have communism, and that when it comes it will find advertising a powerful agency in its behalf. This is not in itself anything against advertising; if communism came we should have all our advertising and publicity agencies turning out propaganda for the Reds, and it wouldn't be a bit more fundamentally honest than the tripe for which they are responsible today. This has relatively little to do with the fact, however, that Mr. Rorty's book is readable and informative. He suspects the heyday of the advertising man, the boom years of '26–'29, are over; one hopes he is right.

More About Us

Of other books bearing directly upon our immediate situation there are several, including *America's Recovery Program* (Oxford University Press, $2), a collection of discussions of various phases of the New Deal from the pens of such men as John Dickinson, Assistant Secretary of Commerce, A. A. Berle, Jr., Leo Pavolsky, Rexford Guy Tugwell and Leo Wolman. Mr. Dickinson gets the volume under way with the statement that the New Deal does not mean any kind of revolution, merely a more carefully regulated capitalism. Mr. Berle writes about banking reform and thinks the reform most needed is in the bankers themselves; Mr. Tugwell speaks for experimentation, and so on. The book is a collection of the William C. Cooper Foundation Lectures delivered at Swarthmore College; it contains an introduction with some interesting criticism of the Roosevelt programme by members of the economics department of the school.

Then there is Harry Guggenheim's *The United States and Cuba* (Macmillan, $2.50), a readable and fair-minded study of the relations between the two countries written by the former Ambassador to the island, who has definite remedies to suggest for the improvement of the existing situation. This is the other side of the picture from Carleton Beals's *The Crime of Cuba*, published last autumn by Lippincott, and makes a valuable complement to Mr. Beals's sensational attack upon the effect of American capitalism upon the lives and fortunes of the islanders.

He Knows History

And a small book called *Crisis Government* by Lindsay Rogers (Norton, $1.50), which discusses the so-called downfall of democracy during the post-War period, and optimistically concludes that those countries which have held on to democracy have done quite as well as the ones that have fled to more primitive despotisms of one sort or another, ranging from communism to fas-

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cism, but all implying the destruction of the liberty of the individual. This will come as a surprise to a good many people; the incredibly dumb attitude of admiration to be found even among supposedly intelligent people for all kinds of dictatorships is one of the most discouraging things in our world.

Professor Rogers writes delightfully, and with common sense. He is optimistic, but not unreasonably so, and he knows, which is most unusual in this day and time, that human history did not begin day before yesterday. His book is one of the most intelligent available about the governmental situation today; it ought to be widely read and appreciated.

Death of Modernism

To drop these eminently practical matters for a moment, Thomas Craven's *Modern Art: The Men, the Movements, the Meaning* (Simon and Schuster) is another book the Landscaper found most enjoyable; it is a rousing cheer for a new day in painting and other forms of expression. Modernism, Mr. Craven says, is dying, if not dead, and art is coming back to the people and to life. The work of Rivera, Orozco and our own Benton he cites as an example of what he means; he has praise, too, for Frank Lloyd Wright, George Grey Barnard, Jacob Epstein and a few others. There are splendid critical appreciations of Van Gogh and Gaugin, an entertaining autobiography, and many fine illustrations among the others of the book's treasures, and on the whole it is an exciting and readable —if prejudiced—volume of art criticism, with which many people will disagree violently, of course, particularly the art dealers who have done so well with the work of even the worst and dullest of the Moderns.

The books crowd in for discussion, but there are so many more to be touched upon that several will have to be content with little more than passing mention. Among these is a handsome volume called *Portrait of America* by Diego Rivera (Covici-Friede, $3.50), with illustrations from Rivera's frescoes, including one from the famous Radio City wall that is now blank. Rivera writes an introduction in which he gives another cheer for communism, and Bertram D. Wolfe contributes an essay on the New Workers' School frescoes, painted with the Rockefeller contribution, and to the Landscaper about as complete a perversion of American history as could be invented. There is much to be said upon the subject of Don Diego; Thomas Craven has said a good deal of it in one of the best chapters in *Modern Art.*

Anti-Soviet Books

There are three recent books on Russia, every one of which deserves more space than will be given to the trio; they group themselves very easily because they are all deeply critical one way or another of the Soviet régime. On the whole the books about Russia have been fair or more than fair; the newspaper stuff we read every day has to be favorable because of the terribly rigid censorship that is maintained. In these books, however, we get the other side of the picture, and it is somewhat less glowingly Utopian than we have been led to believe.

The most important of the lot, both because it is first-hand stuff and because it is most exciting as well, once one has got past the feeling of sadness it engenders, is *Escape from the Soviets* by

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Tatiana Tchernevin (Dutton, $2.50), which is the story of an intellectual liberal and his wife and child. The man was sent off to a prison camp near the Finnish border, his wife served five months in prison, although there were no charges against her; they were both highly educated people, innocent of any wrong-doing against the Soviet Government. They succeeded in escaping from the camp, the three of them, the boy then in his teens, and made their way after incredible hardships into Finland and out from under the shadow of the New Russia, which in their case was a place more horrible than most of the hells the orthodox have succeeded in imagining. It is a heart-breaking and thrilling tale, with its full share of poignant truth.

One of its companions is Max Eastman's *Artists in Uniform* (Knopf, $2.50), a discussion of the plight of the writer in the U.S.S.R. Mr. Eastman is a follower of Trotzky and Lenin and doesn't like Stalin, for whom he blames the regimentation of the Russian poets and novelists and the persecution of the few free spirits left among them. The other is Malcolm Muggeridge's *Winter in Moscow* (Little, Brown, $2.50), a bitter and malicious account of an eight months' stay in Russia by the former correspondent of the *Manchester Guardian*. Mr. Muggeridge did not like the U.S.S.R., and while his book suffers somewhat from being ill-tempered, it is entertaining and probably the truth from a certain angle.

Other Good Books

Other important non-fiction books are Edith Wharton's *A Backward Glance* (Appleton-Century, $3), a most charming literary autobiography that recreates delightfully a vanished world, both in America and England; Dorothy Fisk's *Exploring the Upper Atmosphere* (Oxford University Press, $1.75), a highly intelligent and understandable book about the stratosphere and other recent scientific developments relating to the nature of the cosmos; Sir Wilfred Grenfell's *The Romance of Labrador* (Macmillan, $4), the whole story of the bleak land that Dr. Grenfell has made his own with his magnificent humanitarian work, containing excellent chapters on the flora and fauna of the country; and Aldous Huxley's *Beyond the Mexique Bay* (Doubleday, Doran, $2.75), an account of a visit to Central America with much brilliant comment upon a wide variety of topics.

Outstanding Fiction

The outstanding fiction published since the last Landscape was written includes Blair Niles's *Maria Paluna* (Longmans, Green); Grace Flandrau's *Indeed This Flesh* (Smith and Haas, $2.50); Robert Cantwell's *The Land of Plenty* (Farrar and Rinehart, $2.50); Stephen Vincent Benét's *James Shore's Daughter* (Doubleday, Doran, $2.50); Ruth Eleanor McKee's *The Lord's Anointed* (Doubleday, Doran, $2.50); Tess Slesinger's *The Unpossessed* (Simon and Schuster, $2.50); and Louis Golding's *Five Silver Daughters* (Farrar and Rinehart, $2.50).

Also a widely discussed and very talented novel from the French, Louis-Ferdinand Céline's *The Journey to the End of the Night* (Little, Brown, $2.50), a book that has sold something like a quarter of a million copies in France and is also being widely read in other European countries, but which the Landscaper did not like. It is a novel

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of the underdog, bitter, horrible, full of misery and bad smells, and with no contrast to give it either relief or truth. It is on the last score that the Landscaper objects to the book; the physician who calls himself Céline can see nothing pleasant or cheerful or hopeful in the human race, which he finds about as attractive as a collection of maggots.

There is no denying the power of the book, but it is far too one-sided for the Landscaper's taste; it errs in not seeing that the human race is both detestable and admirable, both noble and ignoble. Several proletarian reviewers have called it revolutionary, and one saw in it a true picture of a dying capitalism, but it is actually without propaganda of any sort, and why so hopeless a picture can be called revolutionary is beyond the Landscaper's feeble mental grasp. Why go to the trouble of a revolution if people are really like this? As for the dying capitalism, every time a proletarian looks out of his window he sees signs of the coming revolution. He is as good at this as true believers used to be about signs of Judgment Day; indeed there are many close parallels between the communists and the millenarians. With a profound belief that the truth, no matter what it is, should be looked in the face, the Landscaper can not admit that M. Céline has told the truth, so what reason is there for reading him?

The Spanish Conquest

To return to the list, Mrs. Niles has written a very attractive historical romance in *Maria Paluna*, the background being the Spanish conquest in Guatemala, and the plot turning upon a love affair between Maria, a Quiché girl, and one of the conquerors. The theme of the book is the blending of the Indian and Spanish civilizations; it is handled with genuine scholarship and understanding and made into something significant for the future. Mrs. Niles knows her Guatemala at first hand, and she has treated her historical material with the greatest respect, so that her studies of Alvarado, Cortez, Bartolemé de las Casas and other characters from life are both accurate and artistic.

Mrs. Flandrau's *Indeed This Flesh* is the story of a man's life in St. Paul during the boom days of the Minnesota country; denied love or even companionship at home, Will Quayne is forced into Sin against his emotional convictions—he has abandoned religion intellectually but is still influenced by it—and finally comes to complete tragedy, one of his betrayals being that a successful man, with all the outer accoutrements of virtue upon which the age set so much store, fails him in a crisis. The book is done with remarkable insight into masculine psychology and against a background that is handled with great subtlety. It is Mrs. Flandrau's best piece of work, and easily one of the best American novels of the year.

More American Stories

James Shore's Daughter is another typical American story in which a successful Western pioneer comes East with his attractive daughter and fails to find the changing world as conquerable as the simpler frontier. From New York, the novel becomes international in its scope, and winds up in the present, with a world facing the Machine it has so painstakingly created and wondering what to do with its vast powers. Mr. Benét's style is admirable; he writes with poetical economy and insight, and his novel is not only good reading, but full of significance.

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In Robert Cantwell's story of a mill town, *The Land of Plenty*, we have one of the best of the so-called proletarian novels, good not because of its propaganda, but because Mr. Cantwell is a novelist who knows his material and handles it skilfully; in Tess Slesinger's *The Unpossessed* we have a brilliantly wrought study of futile intellectuals in New York, people who are running away from life as hard as they can, especially when they are talking about it with the most energy and emotion. Mr. Cantwell's technique is orthodox; Miss Slesinger writes in the manner of Virginia Woolf and others of the stream-of-consciousness school, although she has mastered their manner to a point where it becomes her own. She is a newcomer in the field of the novel and has made a most promising beginning.

Hawaiian Missionaries

Miss McKee's *The Lord's Anointed* is a long and solid chronicle-novel of missionary life in Hawaii, from the time the first handful of young men and women sailed to the islands to save the souls of the hitherto-happy natives almost down to the present, the book centring around Constancy, the rebellious wife of one of the missionaries. Constancy is a fine character, and the whole story remarkable for its feeling of truth; a curious chapter in the long history of Christianity and its conflicts with sinful pagans in far places.

It will be observed that with the exception of the Céline book, the novels of the month are American in origin and interest, and this gives the Landscaper pleasure, for the choice was not made on any nationalistic basis, but merely because of merit.

The most interesting recent novel out of England is Louis Golding's *Five Silver Daughters*, which is like *Magnolia Street*, except better; a crowded book that swarms with characters and is full of the sense of life and motion. The Silver family history makes the book, Sam the head of the house rising from a place in a Magnolia Street factory to great wealth during the World War, and the five daughters, as different as possible, touching life at many points, so that the book has a wide scope in place and time, and includes sections on Russia during the Revolution, Germany during the Inflation, the Riviera, and so on. Mr. Golding gives his readers full measure, pressed down and running over; his is a rich book, unrestrained. It is already a best-seller and will probably continue to be popular; such prodigality as the author has displayed deserves a reward.

Elizabethan England

Another good English novel, although it is slight and might have been compressed into a short story, is Sheila Kaye-Smith's *Superstition Corner* (Harper, $2.50), a tale of Elizabethan England centring around Catherine Alard, a young girl who is loyal to the Catholic Church. Done with delicate irony, her tragic life and the terrors of the period make a novel that again shows Miss Kaye-Smith to be an artist, although this is not one of her most important books.

A remarkably good Negro novel is Zora Neale Hurston's *Jonah's Gourd Vine* (Lippincott, $2), the tale of a handsome brown-skin boy, who grows up into a successful preacher and proves too attractive to women for his own good. The framework of the book is less commendable than its fine, juicy and eminently natural humor, and its record of curious folkways; it contains, too, a

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magnificent sermon in full. The author is an authority on Negro folk-lore who was born in an exclusively Negro community in Florida and educated at Barnard, where she specialized in anthropology. This is her first novel, and to the Landscaper's way of thinking easily the best piece of fiction from a member of her race, with the exception of Langston Hughes's *Not Without Laughter*.

Also there is a new Wodehouse, *Thank You, Jeeves*, a whole novel with Jeeves as the principal character (Little, Brown, $2). It is up to the Wodehouse standard, which ought to be recommendation enough.

Of the older books, it is a pleasure to mention the fact that Isak Dinesen's very curious *Seven Gothic Tales* has caught on, and looks as if it might be one of the most popular books of the year. It was discussed at some length in the last Landscape, but it deserves another mention, for it is something completely off the beaten path, a strange, appealing, individual and oddly unforgettable piece of fiction.

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